

EISNERAMPER

**JEWISH FEDERATION OF
GREATER PHILADELPHIA
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

**AUGUST 31, 2021 and 2020
(with consolidating supplementary information)**



JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jewish Federation of Greater Philadelphia and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Federation of Greater Philadelphia and Subsidiary (collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Federation of Greater Philadelphia and Subsidiary as of August 31, 2021 and 2020, and the consolidated changes in their net assets and their cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information on pages 37 to 40 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
March 14, 2022

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JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidated Statements of Financial Position (in thousands)

	August 31,	
	2021	2020
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 22,499	\$ 32,634
Assets held under revocable trust agreements	13,090	11,125
Pledges receivable, net	7,396	8,682
Customer accounts receivable, net	443	561
Prepaid expenses and other current assets	748	969
Total current assets	44,176	53,971
Pledges receivable, noncurrent	2,145	1,775
Land, buildings and equipment, net	29,629	30,777
Assets held under charitable remainder trust agreements	1,603	1,592
Long-term investments	340,864	274,123
Nonparticipating assets	1,062	2,333
Other assets	5,230	4,629
Total assets	\$ 424,709	\$ 369,200
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Grants payable	\$ 8,407	\$ 8,003
Donor-designated liabilities	368	99
Accounts payable and accrued expenses	2,665	3,056
Line-of-credit borrowings	240	1,786
Current portion of long-term debt	364	1,319
Liabilities under revocable trust agreements	13,090	11,125
Current portion of liabilities under charitable remainder trust agreements	103	104
Current portion of liabilities under charitable gift annuities	440	455
Deferred revenue	225	214
Total current liabilities	25,902	26,161
Long-term debt, net of current portion	37,646	38,956
Long-term portion of liabilities under charitable remainder trust agreements	701	682
Long-term portion of liabilities under charitable gift annuities	3,586	4,114
Accrued pension benefit costs	23,099	27,442
Other noncurrent liabilities	2,617	3,625
Total liabilities	93,551	100,980
<i>Net assets</i>		
Without donor restrictions	138,230	111,425
With donor restrictions	192,928	156,795
Total net assets	331,158	268,220
Total liabilities and net assets	\$ 424,709	\$ 369,200

See notes to consolidated financial statements

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets Year Ended August 31, 2021 (in thousands)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public support and revenue			
<i>Public support</i>			
Campaign pledges	\$ 15,443	\$ 9,693	\$ 25,136
Grants to campaigns from philanthropic donor-advised and endowment funds	(4,039)	-	(4,039)
Other contributions and bequests	9,940	6,865	16,805
Total public support	<u>21,344</u>	<u>16,558</u>	<u>37,902</u>
<i>Revenue</i>			
Advertising revenue - <i>Jewish Exponent</i>	1,358	-	1,358
Subscription revenue - <i>Jewish Exponent</i>	121	-	121
Investment income, net	2,474	664	3,138
Realized and unrealized gains on investments	26,416	36,044	62,460
Change in value			
Nonparticipating assets	120	-	120
Charitable remainder trust agreements	-	100	100
Charitable gift annuities	105	-	105
Gain on forgiveness of PPP loan	2,131	-	2,131
Other income	2,618	-	2,618
In-kind contributions	748	-	748
Total revenue	<u>36,091</u>	<u>36,808</u>	<u>72,899</u>
Net assets released from restrictions	<u>17,233</u>	<u>(17,233)</u>	<u>-</u>
Total public support and revenue	<u>74,668</u>	<u>36,133</u>	<u>110,801</u>
Program allocations and expenses			
<i>Jewish Federation program allocations and program operations expenses</i>			
Grants and allocations			
Jewish Continuity	4,343	-	4,343
Safety Net	3,833	-	3,833
Designated campaign			
Jewish Continuity	1,802	-	1,802
Safety Net	3,126	-	3,126
Philanthropic donor-advised fund grants	11,895	-	11,895
Direct endowment fund grants	3,362	-	3,362
Program operations			
Jewish Federation managed programs	6,062	-	6,062
Campus operations	3,178	-	3,178
Departmental operations	4,279	-	4,279
Other program expense	362	-	362
Total Jewish Federation program allocations and program operations expenses	<u>42,242</u>	<u>-</u>	<u>42,242</u>
<i>Other expenses</i>			
<i>Jewish Federation</i>			
Financial resource development	4,955	-	4,955
Management and general	3,824	-	3,824
Provision for uncollectibles	502	-	502
Unrelated business income tax	50	-	50
Total Jewish Federation other expenses	<u>9,331</u>	<u>-</u>	<u>9,331</u>
Total Jewish Federation program allocations and expenses	<u>51,573</u>	<u>-</u>	<u>51,573</u>
<i>Jewish Exponent</i>			
Production	638	-	638
Editorial	324	-	324
Administration	313	-	313
Sales and office	398	-	398
Total Jewish Exponent expenses	<u>1,673</u>	<u>-</u>	<u>1,673</u>
Total program allocations and expenses	<u>53,246</u>	<u>-</u>	<u>53,246</u>
Change in net assets from operations	<u>21,422</u>	<u>36,133</u>	<u>57,555</u>
<i>Other changes in net assets</i>			
Net periodic benefit cost and other pension-related changes	4,341	-	4,341
Change in fair value of interest rate swap agreements	1,042	-	1,042
Total other changes in net assets	<u>5,383</u>	<u>-</u>	<u>5,383</u>
Change in net assets	<u>26,805</u>	<u>36,133</u>	<u>62,938</u>
Net assets at beginning of year	111,425	156,795	268,220
Net assets at end of year	<u>\$ 138,230</u>	<u>\$ 192,928</u>	<u>\$ 331,158</u>

See notes to consolidated financial statements

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets Year Ended August 31, 2020 (in thousands)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public support and revenue			
<i>Public support</i>			
Campaign pledges	\$ 19,047	\$ 9,079	\$ 28,126
Grants to campaigns from philanthropic donor-advised and endowment funds	(2,644)	-	(2,644)
Other contributions and bequests	34,784	3,882	38,666
Total public support	<u>51,187</u>	<u>12,961</u>	<u>64,148</u>
<i>Revenue</i>			
Advertising revenue - <i>Jewish Exponent</i>	1,484	-	1,484
Subscription revenue - <i>Jewish Exponent</i>	75	-	75
Investment income, net	2,813	1,446	4,259
Realized and unrealized gains (losses) on investments	12,361	10,325	22,686
Change in value			
Nonparticipating assets	261	-	261
Charitable remainder trust agreements	-	203	203
Charitable gift annuities	(922)	-	(922)
Other income	4,558	-	4,558
In-kind contributions	916	-	916
Total revenue	<u>21,546</u>	<u>11,974</u>	<u>33,520</u>
Net assets released from restrictions	<u>13,294</u>	<u>(13,294)</u>	<u>-</u>
Total public support and revenue	<u>86,027</u>	<u>11,641</u>	<u>97,668</u>
Program allocations and expenses			
<i>Jewish Federation program allocations and program operations expenses</i>			
Grants and allocations			
Jewish Continuity	3,505	-	3,505
Safety Net	3,983	-	3,983
Community Services	145	-	145
Designated campaign			
Jewish Continuity	1,756	-	1,756
Safety Net	1,534	-	1,534
Philanthropic donor-advised fund grants	26,734	-	26,734
Direct endowment fund grants	3,321	-	3,321
Program operations			
Jewish Federation managed programs	4,252	-	4,252
Campus operations	3,550	-	3,550
Departmental operations	4,881	-	4,881
Other program expense	531	-	531
Total Jewish Federation program allocations and program operations expenses	<u>54,192</u>	<u>-</u>	<u>54,192</u>
<i>Other expenses</i>			
<i>Jewish Federation</i>			
Financial resource development	6,212	-	6,212
Management and general	3,461	-	3,461
Provision for uncollectibles	906	-	906
Unrelated business income tax	17	-	17
Total Jewish Federation other expenses	<u>10,596</u>	<u>-</u>	<u>10,596</u>
Total Jewish Federation expenses	<u>64,788</u>	<u>-</u>	<u>64,788</u>
<i>Jewish Exponent</i>			
Production	748	-	748
Editorial	383	-	383
Administration	473	-	473
Sales and office	473	-	473
Total Jewish Exponent expenses	<u>2,077</u>	<u>-</u>	<u>2,077</u>
Total program allocations and expenses	<u>66,865</u>	<u>-</u>	<u>66,865</u>
Change in net assets from operations	<u>19,162</u>	<u>11,641</u>	<u>30,803</u>
<i>Other changes in net assets</i>			
Net periodic benefit cost and other pension-related changes	(1,656)	-	(1,656)
Change in fair value of interest rate swap agreements	(3,241)	-	(3,241)
Jewish Exponent - nonoperating income	117	-	117
Total other changes in net assets	<u>(4,780)</u>	<u>-</u>	<u>(4,780)</u>
Change in net assets	<u>14,382</u>	<u>11,641</u>	<u>26,023</u>
Net assets at beginning of year	<u>97,043</u>	<u>145,154</u>	<u>242,197</u>
Net assets at end of year	<u>\$ 111,425</u>	<u>\$ 156,795</u>	<u>\$ 268,220</u>

See notes to consolidated financial statements

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidated Statement of Cash Flows (in thousands)

	Year Ended August 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 62,938	\$ 26,023
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Realized and unrealized gains on investments	(62,460)	(22,686)
Change in value - nonparticipating assets	(120)	(261)
Change in value - charitable remainder trust agreements	(100)	(203)
Change in value - charitable gift annuities	(105)	922
Change in fair value of interest rate swap agreements	(1,042)	3,241
Gain on forgiveness of PPP loans	(2,131)	-
Depreciation	1,185	1,216
Provision for uncollectible pledges	502	964
Contribution of charitable gift annuities	(7)	(65)
Contributions restricted to endowment	(2,923)	(2,263)
Loss on disposal of fixed assets	9	-
<i>Changes in operating assets and liabilities</i>		
<i>(Increase) decrease in</i>		
Assets held under revocable trust agreements	(1,965)	(1,352)
Pledges receivable	414	(5,713)
Customer accounts receivables, prepaid expenses and other current assets	339	(282)
Other assets	(607)	196
<i>Increase (decrease) in</i>		
Grants payable	404	(1,043)
Donor-designated liabilities	269	(21)
Accounts payable and accrued expenses	(392)	(651)
Liabilities under revocable trust agreements	1,965	1,352
Deferred revenue	11	(130)
Accrued pension benefit costs	(4,343)	1,656
Other noncurrent liabilities	34	17
	<u>(8,125)</u>	<u>917</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(38,721)	(52,736)
Proceeds from sales and distributions of investments	34,476	58,139
Proceeds from sales of nonparticipating assets	1,391	490
Proceeds from charitable remainder trust assets	204	236
Purchase of building and equipment	(76)	(197)
	<u>(2,726)</u>	<u>5,932</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Line-of-credit payments, net	(1,546)	(3,359)
Proceeds from long-term debt	165	2,181
Repayments of long-term debt	(299)	(414)
Payments to charitable remainder trust beneficiaries	(96)	(143)
Payments to charitable gift annuity beneficiaries	(445)	(489)
Proceeds from charitable gift annuities	14	131
Proceeds from contributions restricted to endowment	2,923	2,263
	<u>716</u>	<u>170</u>
Net cash provided by financing activities		
Net increase in cash and cash equivalents	(10,135)	7,019
Cash and cash equivalents at beginning of year	<u>32,634</u>	<u>25,615</u>
Cash and cash equivalents at end of year	<u>\$ 22,499</u>	<u>\$ 32,634</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 975	\$ 1,089
Write-off of fully depreciated assets	\$ 8	\$ 1,412

See notes to consolidated financial statements

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 1 - NATURE OF ACTIVITIES

The consolidated financial statements of Jewish Federation of Greater Philadelphia and Subsidiary ("Organization") include the accounts of Jewish Federation of Greater Philadelphia ("Jewish Federation") and its wholly-owned subsidiary, the Jewish Publishing Group ("Jewish Exponent").

The Jewish Federation has received a determination letter from the Internal Revenue Service ("IRS") stating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Jewish Federation is the hub of Greater Philadelphia's Jewish community through giving, inclusion and tradition. Through philanthropists, organizations, volunteers and staff, the Jewish Federation fills three key roles: community convener, fundraiser and grant maker. The Jewish Federation mobilizes financial and volunteer resources to address the communities' most critical priorities locally, in Israel and around the world.

The Jewish Exponent publishes a weekly newspaper (the *Jewish Exponent*) and an annual *Guide to Jewish Philadelphia*, which are distributed in the Philadelphia metropolitan-area Jewish community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of accounting:

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

[b] Classification of net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Represent net assets available for use in general operations that are not subject to donor-imposed restrictions including amounts designated by the board as an endowment.

Net Assets With Donor Restrictions - Represent net assets that are subject to donor-imposed restrictions that will be met, either by actions of the Organization and/or the passage of time or where donor stipulates that resources be maintained in perpetuity. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both or through appropriation of endowment income or corpus pursuant to an endowment spending rate policy, and are reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

[c] Principles of consolidation:

The accompanying consolidated financial statements include the accounts of the Jewish Federation and the Jewish Exponent. All significant intercompany transactions and balances have been eliminated.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[d] Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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.

[e] Cash and cash equivalents:

Cash and cash equivalents represent cash in banks and investment portfolios, money market funds, and other highly liquid investments with an original maturity of three months or less. As of August 31, 2021 and 2020, the Organization had deposits in money market funds of approximately \$19,834 and \$25,782, respectively, which are included in cash and cash equivalents.

[f] Assets and liabilities under revocable trust agreements:

Revocable trust agreements represents funds held and invested for other not-for-profit organizations by the Jewish Federation, which is also the trustee of these funds. These funds may be revoked at will by these third parties; therefore, a liability for the fair value of these funds has been recorded. 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 included in the accompanying consolidated statements of activities and changes in net assets.

[g] Pledges receivable:

Pledges receivable generally represent amounts receivable from donors for the Jewish Federation's Jewish Community Fund campaign and other ongoing campaigns. Pledges receivable expected to be collected after one year are discounted at a risk-free rate of return. Management determines the allowance for uncollectible accounts based on historical collections experience and its estimate of realization of the underlying pledges. Individual pledges are written off when deemed uncollectible. Pledges are recorded at their fair value when received. Fair values are measured based on the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The fair value measurements also include consideration of the donor's credit risk.

[h] Customer accounts receivable:

The Jewish Federation's customer accounts receivable relate to amounts due from tenants at the Schwartz Campus and other trade receivables. The Jewish Exponent's customer accounts receivable are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to the aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. Interest is not recorded on any past due balances.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[i] Land, buildings and equipment, net:

The Jewish Federation capitalizes all buildings and equipment purchased with a cost of \$5,000 or more and a useful life beyond one year. Expenditures for additions, renewals and betterments are capitalized. Maintenance and repairs are charged to operations when incurred. Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets as follows:

Buildings	30 - 40 years
Building alterations	15 - 20 years
Furniture and equipment	7 years
Computer equipment	3 - 5 years

Donated property and equipment are recorded at fair value at the date of the receipt and then recorded as net assets without donor restrictions at the date the asset is placed in service, unless the donor stipulates otherwise. The cost and accumulated depreciation of property sold or retired are removed from the related asset and accumulated depreciation accounts, and the resultant gain or loss is recorded in the period of disposal.

The Jewish Federation reviews its property for impairment when facts or circumstances indicate a potential impairment, and for the years ended August 31, 2021 and 2020, there were no adjustments made for impairment losses.

[j] Charitable remainder trusts:

The Jewish Federation acts as trustee for various trusts. These trusts are governed by the respective trust agreements, which generally provide for an income stream to the donor or a third-party beneficiary. Upon termination of the trust, the Jewish Federation or another not-for-profit organization receives the remaining assets in the trust. Contributions made through the establishment of charitable remainder trusts with the Jewish Federation are accounted for as net assets with donor restrictions when the trust agreements are executed.

Assets under charitable remainder trusts are recorded at the fair value of the related trust assets, and liabilities under the charitable remainder trusts are recorded at the present value of the estimated payments to the outside beneficiaries. Estimated life expectancy is determined using IRS mortality tables. The liabilities are adjusted annually for amortization of discount and changes in actuarial assumptions. These adjustments are recorded as changes in value of charitable remainder trusts. The Jewish Federation records the present value of the charitable remainder interest discounted at rates of approximately 2% to 3%, which is based on current market conditions.

[k] Charitable gift annuities:

Under charitable gift annuities, the Jewish Federation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contribution revenues under charitable gift annuity arrangements are recognized as the net of the related assets that have been recorded at fair value, less the related liabilities that have been recorded at the present value of the estimated payments to the beneficiaries. Estimated life expectancy is determined using IRS mortality tables. The liabilities are adjusted annually for amortization of discount and changes in actuarial assumptions. These adjustments are recorded as changes in value of charitable gift annuities. The Jewish Federation records the present value of the estimated payments to beneficiaries discounted at rates of approximately 2% to 3%, which is based on current market conditions. Assets held under charitable gift annuities are included in long-term investments in the consolidated statements of financial position.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[l] Long-term investments:

Investments are stated at fair value in the accompanying consolidated statements of financial position. Gains and losses on investments, including unrealized gains and losses, are reported as increases or decreases in net assets without donor restrictions unless the use of the investment or income is limited by law or donor-imposed restriction. Donor-restricted income is reported as an increase in net assets with donor restrictions.

[m] Nonparticipating assets:

Nonparticipating assets generally represent noncash contributions from donors that are to be used for funding purposes once such assets have been converted into cash. Nonparticipating assets are recorded as net assets without donor restrictions, or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions when received. Such assets are recorded at fair value or another basis, as described in Note 6, at the date of contribution.

[n] Other assets:

Other assets consist primarily of the cash surrender value of life insurance policies on Jewish Federation donors. The Jewish Federation is both the owner and beneficiary of 79 and 82 life insurance policies as of August 31, 2021 and 2020, respectively. The approximate face value of the policies is \$48,407 and \$48,939 as of August 31, 2021 and 2020, respectively. The cash surrender value of the policies is \$4,526 and \$3,872 as of August 31, 2021 and 2020, respectively.

[o] Grants payable:

Program allocations/grants are approved annually in the program allocation process by the Finance Committee, the Planning and Resourcing Committee, the Board of Directors, and the Board of Trustees. The grants payable are recorded when the amounts are approved (normally in May) and based on the approved amounts to be paid the following fiscal year. Amounts approved to fund Jewish Federation-run programs are recognized in the period the expense is incurred.

[p] Donor-designated liabilities:

Donor-designated liabilities represent cash received on certain campaign pledges that are payable to specified third parties, at the recommendation of the donor.

[q] Campaign pledges/other contributions and bequests:

Campaign pledges and other contributions and bequests are recognized when the donor makes a promise to the Jewish Federation that is measurable and unconditional. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional contributions for either of the years ended August 31, 2021 or 2020. Campaign pledges and other contributions and bequests received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

The Jewish Federation conducts a fundraising campaign each year. The 2019 campaign ended December 31. The Jewish Federation changed the end date of the annual campaign in 2020 to August 31 to coincide with their fiscal year-end. Pledges made during the Jewish Federation's 12-month fiscal year are recorded as public support in the fiscal year the pledge is made.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[r] Grants to campaigns from philanthropic donor-advised and endowment funds:

With consideration given to the nonbinding recommendations of the donors, philanthropic donor-advised funds of the Jewish Federation may be distributed, at the Jewish Federation's discretion, to the Jewish Federation for its campaigns. In addition, certain endowment funds have been established by donors to provide a distribution to fulfill their annual Jewish Federation campaign gift in perpetuity. As the philanthropic donor-advised and endowment fund contributions are already included in campaign revenue and the net assets of the Jewish Federation, such amounts distributed in the current year are included as a reduction of public support.

[s] Donated assets:

Donated marketable securities and other noncash donations are recorded as contributions at their fair value at the date of donation within the appropriate consolidated statements of activities and changes in net assets' line item.

In-kind contributions

Donations of materials and services for events, food for the Mitzvah Food Program, and other materials and supplies are recorded as contributions at their fair value at the date of donation or at their fair value when the services are received. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose.

[t] Fair value of financial instruments:

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the topic are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[t] Fair value of financial instruments (continued):

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of August 31, 2021 or 2020.

Mutual funds – Valued at the net asset value of shares held by the Organization at year-end.

Bonds and asset-backed securities – Valued at the closing price of assets held by the Organization at year-end based upon valuations provided by independent, third-party pricing agents.

Publicly-traded stock – Valued at the closing price reported on the active market on which the individual securities are traded.

Alternative investments – Valued at net asset value as a practical expedient.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended August 31, 2021 and 2020, there were no transfers into or out of Levels 1, 2 or 3.

[u] Credit and financial risk:

Substantially all promises to give are derived from individual donors. All of these receivables are unsecured. The Jewish Federation's and Jewish Exponent's customer accounts receivable are also unsecured.

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

The Jewish Federation invests in a professionally managed portfolio that contains mutual funds, asset-backed securities, bonds, and alternative investments. Such investments are exposed to several risks, such as interest rate, market, and credit risks. 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 reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[v] Interest rate swap agreements:

The Jewish Federation participates in interest rate swap agreements, which are a derivative financial instrument required to be recorded at fair value. The Jewish Federation recognizes such derivative financial instruments as either assets or liabilities at their fair value (based on a third party's proprietary discounted cash flow model, which considers past, present, and future assumptions regarding interest rates and market conditions to estimate the fair value of the agreement) in the consolidated statements of financial position, with the current year changes in the fair value reported in the consolidated statements of activities and changes in net assets.

[w] PPP loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During fiscal years 2021 and 2020, the Organization applied for and received PPP funds. The Organization has elected to record the PPP funds as loans under the FASB ASC 470, *Debt*. Loan forgiveness will be recognized when the conditions for loan forgiveness are met and the forgiveness amounts are formally approved by the bank and SBA. The Organization received three separate PPP loans which are more fully described in Note 9.

[x] Functional consolidated allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and real estate maintenance (occupancy), which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of August 31, 2021 and 2020:

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Current financial assets:		
Cash and cash equivalents	\$ 22,499	\$ 32,634
Pledges receivable, net	7,396	8,682
Customer accounts receivable, net	443	561
	<u>30,338</u>	<u>41,877</u>
Less amounts not available to be used within one year:		
Philanthropic donor-advised funds included in cash and cash equivalents	(13,094)	(25,695)
Endowment assets included in cash and cash equivalents	(6,579)	(4,645)
Plus amounts available through spending policy and appropriation	<u>8,450</u>	<u>9,333</u>
Financial assets available for expenditure within one year	<u>19,115</u>	<u>20,870</u>
Other liquidity resources:		
Lines-of-credit	5,300	5,800
Less balance owed	(240)	(1,786)
	<u>5,060</u>	<u>4,014</u>
Total financial assets and other liquidity resources	<u>\$ 24,175</u>	<u>\$ 24,884</u>

Jewish Federation's policy for liquidity management is to structure financial assets to be available as program and operating expenditures, liabilities and other obligations come due. To assist managing unanticipated liquidity needs, Jewish Federation has a line-of-credit in the amount of \$5,000, and Jewish Exponent has a line-of-credit in the amount of \$300, both of which it could draw upon (see Note 8). Jewish Federation also relies upon cash flow from current annual campaign donations to fund current operations.

Jewish Federation has Board-designated funds that function as quasi-endowments. Although Jewish Federation does not intend to spend from its quasi-endowments, other than amounts appropriated for expenditure in accordance with the spending policy, amounts from quasi-endowments could be made available if necessary. Jewish Federation's donor-restricted endowments and income from those funds are restricted for specific purposes or time periods and are not available for general expenditure.

Included in Jewish Federation's net assets without donor restrictions are philanthropic donor-advised funds ("DAF") amounting to \$102,216 and \$95,159 as of August 31, 2021 and 2020, respectively. Jewish Federation serves as the sponsoring organization, in accordance with IRS regulations, to these separately identified DAF accounts comprised of contributions made by donors and related earnings from investments. Once donors make contributions, Jewish Federation has exclusive legal control over the funds. However, the donor, or the donor's representative, retains advisory privileges with respect to the distribution of funds and the investment of assets in the account. Jewish Federation honors donors' grant recommendations for grants to 501(c) (3) public charities, in good standing with the IRS for charitable purposes that are not in conflict with Jewish Federation's mission, subject to Jewish Federation's review and approval, and does not consider these assets to be available for general expenditures.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable as of August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Annual campaign	\$ 9,977	\$ 11,192
Less allowance for uncollectible pledges	<u>(436)</u>	<u>(735)</u>
Net pledges receivable	<u>\$ 9,541</u>	<u>\$ 10,457</u>
Amounts due:		
Less than one year	\$ 7,832	\$ 9,417
One to five years	<u>2,145</u>	<u>1,775</u>
	<u>\$ 9,977</u>	<u>\$ 11,192</u>

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment as of August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,250	\$ 1,250
Building, furniture and equipment	10,260	10,253
Computer hardware and software	1,736	1,691
Properties used by agencies and other:		
Land	5,804	5,804
Buildings and equipment	<u>38,455</u>	<u>38,455</u>
	57,505	57,453
Less accumulated depreciation	<u>(27,876)</u>	<u>(26,676)</u>
	<u>\$ 29,629</u>	<u>\$ 30,777</u>

Depreciation was \$1,200 and \$1,216 for the years ended August 31, 2021 and 2020, respectively.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 6 - INVESTMENTS

To obtain investment flexibility, certain investments are combined in pooled investment accounts managed by outside investment firms.

The following tables set forth, by level, the Organization's investments, within the fair value hierarchy, as of August 31, 2021 and 2020:

	2021				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Bond and asset-backed securities	\$ 4,321	\$ -	\$ 4,685	\$ -	\$ 4,685
Fixed income mutual funds	76,792	78,980	-	-	78,980
Equity mutual funds	117,895	208,777	-	-	208,777
State of Israel bonds	10,899	-	10,886	-	10,886
	<u>209,907</u>	<u>287,757</u>	<u>15,571</u>	<u>-</u>	<u>303,328</u>
Less assets held under revocable trust agreements	(6,594)	(13,090)	-	-	(13,090)
	<u>203,313</u>	<u>\$ 274,667</u>	<u>\$ 15,571</u>	<u>\$ -</u>	<u>290,238</u>
Alternative investments (A)	<u>36,487</u>				<u>50,626</u>
	<u>\$ 239,800</u>				<u>\$ 340,864</u>
	2020				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Bond and asset-backed securities	\$ 4,857	\$ -	\$ 5,346	\$ -	\$ 5,346
Fixed income mutual funds	67,131	70,012	-	-	70,012
Equity mutual funds	120,177	170,862	-	-	170,862
State of Israel bonds	10,141	-	10,134	-	10,134
	<u>202,306</u>	<u>240,874</u>	<u>15,480</u>	<u>-</u>	<u>256,354</u>
Less assets held under revocable trust agreements	(6,087)	(11,125)	-	-	(11,125)
	<u>196,219</u>	<u>\$ 229,749</u>	<u>\$ 15,480</u>	<u>\$ -</u>	<u>245,229</u>
Alternative investments (A)	<u>27,776</u>				<u>28,894</u>
	<u>\$ 223,995</u>				<u>\$ 274,123</u>

(A) Investments measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 6 - INVESTMENTS (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of August 31, 2021:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund (a)	\$ 236	\$ -	N/A	N/A
Private equity (b)	33,543	20,628	N/A	N/A
Private real estate (c)	4,493	1,244	N/A	N/A
Venture capital (d)	<u>12,354</u>	<u>5,120</u>	N/A	N/A
	<u>\$ 50,626</u>	<u>\$ 26,992</u>		

- [a] This category includes investments in hedge funds that seek capital appreciation principally through investing in investment funds managed by third-party investment managers who employ a variety of alternative investment strategies. Hedge fund investments generally have long investment holding periods and are considered illiquid. The fair values of the investments in this category have been estimated using the net asset value, as a practical expedient, per share of the investments.
- [b] This category includes investments in primarily limited partnerships that seek capital appreciation through various strategies. Private equity investments generally have long investment holding periods and are considered illiquid. The fair values of the investments in this category have been estimated using the net asset value, as a practical expedient, per share of the investments.
- [c] This category includes investments in limited partnerships that seek long-term capital appreciation through investing in real estate related assets, through direct and indirect investments in subpartnerships and the issuance of lines-of-credit. Private real estate investments generally have long investment holding periods and are considered illiquid. The fair values of the investments in this category have been estimated using the net asset value, as a practical expedient, per share of the investments.
- [d] This category includes investments in limited partnerships focused on providing growth capital to proven management teams focused primarily on the upstream sector in North America's oil and gas industry. Venture capital investments generally have long investment holding periods and are considered illiquid. The fair values of the investments in this category have been estimated using the net asset value, as a practical expedient, per share of the investments.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 7 - NONPARTICIPATING ASSETS

Nonparticipating assets as of August 31, 2021 and 2020 consisted of the following:

Nonparticipating Assets at Fair Value as of August 31, 2021				
<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Publicly-traded stock	\$ 769	\$ -	\$ -	\$ 769
Real estate (A)				150
Other nonparticipating assets (A)				143
				<u>\$ 1,062</u>

Nonparticipating Assets at Fair Value as of August 31, 2020				
<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Publicly-traded stock	\$ 2,041	\$ -	\$ -	\$ 2,041
Real estate (A)				150
Other nonparticipating assets (A)				142
				<u>\$ 2,333</u>

(A) Nonparticipating assets not measured at fair value at each reporting date have not been classified in the fair value hierarchy. Real estate and other nonparticipating assets were valued at appraised value and at fair value, respectively, on the date of the contribution. The amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

NOTE 8 - LINES-OF-CREDIT

Lines-of-credit borrowings as of August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Jewish Federation	\$ -	\$ 1,506
Jewish Exponent	240	280
	<u>\$ 240</u>	<u>\$ 1,786</u>

The Jewish Federation has an unsecured line-of-credit with a bank, with a maximum borrowing of \$5,000 and \$5,500, to be used for working capital purposes as of August 31, 2021 and 2020, respectively. As of August 31, 2021 and 2020, the interest rate on the line-of-credit was the one-month LIBOR, rounded upwards to the nearest 1/10th of 1%, plus 1.250% (1.35% and 1.45% as of August 31, 2021 and 2020, respectively). An additional fee of .125% is charged for the unused line-of-credit. The current terms of the line-of-credit were extended to April 29, 2022.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 8 - LINES-OF-CREDIT (CONTINUED)

The Jewish Exponent has an unsecured line-of-credit with a bank, with a maximum borrowing of \$300, which is guaranteed by the Jewish Federation. As of August 31, 2021 and 2020, the interest rate on the line-of-credit was the one-month LIBOR, rounded upwards to the nearest 1/10th of 1%, plus 1.250% (1.35% and 1.45% as of August 31, 2021 and 2020, respectively). An additional fee of .125% is charged for the unused line-of-credit. The current terms of the line-of-credit were extended to April 29, 2022.

NOTE 9 - LONG-TERM DEBT

Long-term debt payable as of August 31, 2021 and 2020 consists of the following:

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Tax-exempt loan - variable rate debt through the National Jewish Federation Bond Program issued by Colorado Educational and Cultural Facilities Authority, variable interest rate as of August 31, 2021 of 0.83%; with a portion of the debt subject to a fixed interest rate of 3.17% under an interest rate swap agreement; interest is payable on a monthly basis; annual principal payments varying from \$156 to \$282 through 2034 and \$23,419 due in May 2038; collateralized by certain property of the Jewish Federation.	\$ 26,201	\$ 26,348
Taxable loan - variable rate loan through the National Jewish Federation Bond Program; variable interest rate as of August 31, 2021 of 1.05%; with a portion of the debt subject to a fixed interest rate of 3.99% under an interest rate swap agreement; interest is payable on a monthly basis; principal payment of \$11,241 due in May 2038; collateralized by certain property of the Jewish Federation.	11,241	11,241
Loan payable in monthly installments of \$3, plus interest at one-month LIBOR rounded upwards to the nearest 1/10th of 1%, plus 1.250% (1.35% as of August 31, 2021) with a final installment of remaining principal and interest due on December 1, 2031; collateralized by certain investments of the Jewish Federation.	383	420
Loan payable in monthly installments of \$1, plus interest at one-month LIBOR rounded upwards to the nearest 1/10th of 1%, plus 1.250% (1.45% as of May 14, 2021) with a final installment of remaining principal and interest due on December 1, 2026; collateralized by certain investments of the Jewish Federation. On May 14, 2021, the Jewish Federation repaid this loan in its entirety.	-	109
Subtotal, carried forward	37,825	38,118

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 9 - LONG-TERM DEBT (CONTINUED)

	August 31,	
	2021	2020
Subtotal, brought forward	37,825	38,118
Lease payable in monthly installments of \$1, including interest at 1.50%, with a final installment of remaining principal and interest due in November 2025; collateralized by certain equipment.	20	26
On April 14, 2020, the Jewish Federation received proceeds from a \$1,966 loan pursuant to the CARES Act PPP Loan; neither principal nor interest is due for a ten-month deferral period, or when the loan is forgiven, whichever is later; this loan may be forgiven subject to bank and SBA guidelines which include using the PPP proceeds for qualified expenses, and maintain certain employment levels during covered period; any outstanding principal of the loan that is not forgiven under the PPP Loan program installments of principal and interest over the next 18 months; the at the end of the deferral period would convert to a term loan with an interest rate of 1% payable in equal due at maturity on April 14, 2022; Jewish Federation had applied for forgiveness electing a 24-week covered period. In June 2021, the Small Business Administration forgave \$1,966 of the principal and \$22 of the interest due, which is reflected in the Statement of Activities as other income.	-	1,966
On April 14, 2020, the Jewish Exponent received proceeds from a \$165 loan pursuant to the CARES Act PPP Loan; neither principal nor interest is due for a ten-month deferral period, or when the loan is forgiven, whichever is later; this loan may be forgiven subject to bank and SBA approval in accordance with SBA guidelines which include using the PPP proceeds for qualified expenses, and maintain certain employment levels during covered period; any outstanding principal of the loan that is not forgiven under the PPP Loan program at the end of the deferral period would convert to a term loan with an interest rate of 1% payable in equal installments of principal and interest over the next 18 months; due at maturity on April 14, 2022; the Jewish Exponent had applied for forgiveness electing a 24-week covered period. In March 2021, the Small Business Administration forgave \$165 of the principal, which is reflected in the Statement of Activities as other income.	-	165
On March 1, 2021, the Jewish Exponent received proceeds from a \$165 loan pursuant to the CARES Act PPP Loan; neither principal nor interest is due for a ten-month deferral period, or when the loan is forgiven, whichever is later; this loan may be forgiven subject to bank and SBA approval in accordance with SBA guidelines which include using the PPP proceeds for qualified expenses, and maintain certain employment levels during covered period; any outstanding principal of the loan that is not forgiven under the PPP Loan program at the end of the deferral period will convert to a term loan with an interest rate of 1% payable in equal installments of principal and interest over the next 18 months; the loan matures on March 1, 2022; the Jewish Exponent had applied for forgiveness electing a 24-week covered period; in October 2021, the Small Business Administration forgave \$165 of principal.	165	-
	38,010	40,275
Less current portion	(364)	(1,319)
	<u>\$ 37,646</u>	<u>\$ 38,956</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Loans Funded through National Jewish Federation Bond Program

Effective November 1, 2018, the Jewish Federation refinanced the tax-exempt and taxable bonds with tax-exempt and taxable loans with a different bank. The loan agreements include Initial Fixed Mandatory Repurchase (tax-exempt) and Mandatory Prepayment (taxable) dates of November 1, 2028. All other terms remain similar to the previous bond agreements.

The Jewish Federation used the proceeds of the refinanced tax-exempt bonds to refund previously issued bonds for the purpose of (i) refinancing a portion of short-term debt obtained for the acquisition of the property at the Schwartz Campus; (ii) paying down mortgages for the KleinLife branch and 2100 Arch Street; (iii) funding capital improvements at 2100 Arch Street, the Mandell Campus, and the KleinLife branch; (iv) financing certain issuance expenses; and (v) paying capitalized interest on the tax-exempt bonds.

The Jewish Federation used the proceeds of the refinanced taxable bond financing to refund previously issued taxable bonds for the purpose of (i) refinancing a portion of short-term debt obtained for the acquisition of the property at the Schwartz Campus not able to be financed via tax-exempt bonds; (ii) terminating the interest rate swap relating to the tax-exempt bond that was originally issued in December 2004; (iii) paying the issuance costs of the tax-exempt and taxable bonds issued on September 4, 2012; and (iv) paying capitalized interest and issuance costs of the taxable bonds.

The loans require the Jewish Federation to comply with certain financial and nonfinancial covenants.

The scheduled aggregate maturities of obligations for the year ended August 31, 2021 were as follows:

<u>Year Ending August 31,</u>	<u>Debt</u>	<u>Capital Lease</u>	<u>Total</u>
2022	\$ 358	\$ 6	\$ 364
2023	198	6	204
2024	209	6	215
2025	223	2	225
2026	229	-	229
Thereafter	<u>36,773</u>	<u>-</u>	<u>36,773</u>
	<u>\$ 37,990</u>	<u>\$ 20</u>	<u>\$ 38,010</u>

Interest Rate Swap Agreements

The Jewish Federation uses interest rate swap agreements to mitigate the risk of changes in interest rates associated with variable interest rate indebtedness. Under such arrangements, a portion of the variable-rate indebtedness is converted to fixed rates based on a notional principal amount. Interest rate swap agreements are measured at fair value and categorized as Level 2 based upon the level of judgment associated with the inputs used to measure the fair value as detailed in Note 2[v]. The Jewish Federation had an interest rate swap agreement in place related to its tax-exempt financing. In July 2020, the interest rate swap agreement matured. The fixed interest rate of this contract was 2.25%, with a \$13,000 notional principal. On November 29, 2018, in conjunction with the refinancing of the nontaxable bonds, the Jewish Federation entered into forward-facing interest rate swap agreements that started in July 2020, which is at the time the aforementioned swap expired. The new interest rate swap agreement matures in November 2028, with a notional principal of \$13,000 and a fixed interest rate of 3.17%. As of August 31, 2021 and 2020, the fair value of the interest rate swap agreement was a liability of \$1,545 and \$2,220, respectively, which is included in the consolidated statements of financial position in other noncurrent liabilities.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreements (continued)

The change in fair value of the interest rate swap agreement of \$675 and \$2,149 for the years ended August 31, 2021 and 2020, respectively, is included in the consolidated statements of activities and changes in net assets.

The Jewish Federation had an interest rate swap agreement in place related to its taxable financing. In July 2020, the interest rate swap agreement matured. The fixed interest rate of this contract was 3.24%, with a \$5,000 notional principal. On November 29, 2018, in conjunction with the refinancing of the taxable bonds, the Jewish Federation entered into forward-facing interest rate swap agreements that started July 2020, which is the time the aforementioned swap expired. The new interest rate swap agreement matures in November 2028, with a notional principal of \$5,600 and a fixed interest rate of 3.17%. As of August 31, 2021 and 2020, the fair value of the interest rate swap agreement was a liability of \$833 and \$1,200, respectively, which is included in the consolidated statements of financial position in other noncurrent liabilities. The change in fair value of the interest rate swap agreement of \$367 and \$1,092 for the years ended August 31, 2021 and 2020, respectively, is included in the consolidated statements of activities and changes in net assets.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions include funds that are available for use in general operations and not subject to donor-imposed restrictions which includes amounts designated by the board as an endowment. The components of net assets without donor restrictions as of August 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Board-designated	\$ 40,792	\$ 33,904
Philanthropic Donor-Advised Funds	102,216	95,159
Accrued pension benefit costs	(23,099)	(27,442)
Undesignated	<u>18,321</u>	<u>9,804</u>
	<u>\$ 138,230</u>	<u>\$ 111,425</u>

Included in net assets without donor restrictions are Board-designated funds that have been allocated by the Board of Directors to be used for a specific purpose. The Board of Directors has established four funds, which include the 2029 Society Fund, the Board Designated Endowment Fund, the Board Designated Endowment Fund - Kimmel Fund, and the Chairs Venture Fund. The 2029 Society Fund is to be used for general operations of the Jewish Federation starting in the year 2029. The Board Designated Endowment Fund is to provide endowments to other organizations at the discretion of the Board and to support the endowment department of the Jewish Federation. The Board Designated Endowment Fund - Kimmel Fund is to help fund the insurance program of the Jewish Federation. The Chair's Venture Fund is to be used at the Board chair's discretion.

Also included in net assets without donor restrictions are philanthropic donor-advised funds that are distributed at the discretion of the Jewish Federation. While philanthropic donor-advised funds lack donor-imposed restrictions, those funds have been segregated so that distributions may be made to Section 501(c)(3) charities, including the Jewish Federation under its Jewish Community Fund campaign and other campaigns, with consideration given to the nonbinding recommendations of the donors.

Undesignated net assets are available for operations. Any income earned on these net assets is recorded as net assets without donor restrictions in the accompanying consolidated statements of activities and changes in net assets. In order to fund the net assets without donor restrictions deficit associated with the accrued pension benefit costs, the Jewish Federation and other constituent agencies that participate in the Jewish Federation of Greater Philadelphia Retirement Plan will continue to pay existing unfunded liabilities, as measured annually (see Note 16).

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specified purpose:		
Health and welfare	\$ 65,560	\$ 53,059
Jewish education and child care	22,849	17,412
Operations of agencies	1,128	920
Capital repairs	150	742
Pledges receivable, the proceeds of which have been restricted by donors for:		
Health and welfare	2,984	2,827
Jewish education and child care	2,500	2,425
	<u>95,171</u>	<u>77,385</u>
Subject to passage of time:		
Charitable remainder trust	799	806
Pledges receivable that are not restricted by donors, but which are unavailable for expenditure until due	764	895
	<u>1,563</u>	<u>1,701</u>
Endowments:		
Subject to the Organization's spending policy and appropriation:		
Health and Welfare	10,060	5,288
Jewish education and child care	10,907	6,604
Financial assistance to medical students	4,027	3,323
Operations of agencies	561	(454)
Perpetual annual campaign	7,259	2,633
Capital repairs	121	(21)
	<u>32,935</u>	<u>17,373</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Investments in perpetuity:		
Health and Welfare	18,767	18,731
Jewish education and child care	15,568	14,212
Financial assistance to medical students	1,056	1,029
Operations of agencies	5,542	5,477
Perpetual annual campaign	21,662	20,223
Capital repairs	664	664
	<u>63,259</u>	<u>60,336</u>
Total endowments	<u>96,194</u>	<u>77,709</u>
	<u>\$ 192,928</u>	<u>\$ 156,795</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Health and welfare	\$ 9,148	\$ 6,266
Jewish education and child care	3,296	2,622
Operations of agencies	96	43
Capital repairs	611	721
	<u>13,151</u>	<u>9,652</u>
Distributions		
Charitable remainder trust	<u>107</u>	<u>93</u>
Satisfaction of time restrictions:		
Expiration of time restrictions	<u>505</u>	<u>349</u>
Restricted purpose spending-rate distributions and appropriations:		
Health and welfare	1,078	898
Jewish education and child care	944	881
Financial assistance to medical students	179	183
Operations of agencies	228	222
Perpetual annual campaign	1,026	1,001
Capital repairs	15	15
	<u>3,470</u>	<u>3,200</u>
	<u>\$ 17,233</u>	<u>\$ 13,294</u>

NOTE 12 - ENDOWMENTS

The Jewish Federation follows FASB ASC 958-205-05, *Not for Profit Entities, Presentation of Financial Statements-Reporting Endowment Funds*, which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and additional disclosures about an organization's endowment funds. The Commonwealth of Pennsylvania has not adopted UPMIFA.

The Jewish Federation's endowment consists of various investment funds established primarily for support of the Jewish Federation's mission. Its endowment includes donor-restricted as well as Board-designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Jewish Federation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 12 - ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Board of Directors has elected to be governed by the Section 8113 of Title 20 under the Pennsylvania Probate, Estates and Fiduciaries Code ("Code"). The Code permits a total return policy that allows a nonprofit to choose to treat a percentage of the average fair value of the endowment's investments as income each year for use in current operations. Pennsylvania law permits a percentage not less than 2% and not more than 7%.

However, the long-term preservation of the real value of the assets must be taken into consideration when the Board of Directors elects the amount. In accordance with the Code, the Jewish Federation annually applies the approved spending rate percentage to a 12-quarter average fair value of the endowment fund investments. The Jewish Federation classifies as net assets with donor restrictions the original value of gifts donated to the endowment. Earnings on these gifts are accumulated in net assets with donor restrictions. The Jewish Federation considers the following factors in making a determination to set a spending rate:

- a. Protecting the corpus of the endowment fund
- b. Preserving the spending power of assets
- c. Obtaining maximum investment return with reasonable risk and operational consideration
- d. Complying with applicable laws and donor restrictions

Endowment fund net assets as of August 31, 2021 and 2020 consisted of the following:

August 31, 2021	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Board-designated endowment funds	\$ 40,792	\$ -	\$ 40,792
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	63,259	63,259
Accumulated investment gains	-	32,935	32,935
	<u>\$ 40,792</u>	<u>\$ 96,194</u>	<u>\$ 136,986</u>
August 31, 2020	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Board-designated endowment funds	\$ 33,904	\$ -	\$ 33,904
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	60,336	60,336
Accumulated investment gains	-	17,373	17,373
	<u>\$ 33,904</u>	<u>\$ 77,709</u>	<u>\$ 111,613</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 12 - ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (continued)

The following represents the change in endowment funds, by net assets classification, for the years ended August 31, 2021 and 2020:

	2021			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
	Board- Designated	Subject to		
		Appropriation and Expenditure	Perpetual in Nature	
Board- Designated		Appropriation and Expenditure	Perpetual in Nature	
Endowment net assets at beginning of year	\$ 33,904	\$ 17,373	\$ 60,336	\$ 111,613
Investment income	1,406	275	-	1,681
Net change in market value	6,571	18,757	-	25,328
Additions to board designated endowment Contributions	2,662	-	-	2,662
	-	-	2,923	2,923
Distribution from Board-designated endowment pursuant to distribution policy	(3,751)	-	-	(3,751)
Appropriation of endowment assets pursuant to spending-rate policy	-	(3,470)	-	(3,470)
Endowment net assets at end of year	<u>\$ 40,792</u>	<u>\$ 32,935</u>	<u>\$ 63,259</u>	<u>\$ 136,986</u>
	2020			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
	Board- Designated	Subject to		
		Appropriation and Expenditure	Perpetual in Nature	
		Board- Designated	Appropriation and Expenditure	Perpetual in Nature
Endowment net assets at beginning of year	\$ 34,960	\$ 14,260	\$ 58,073	\$ 107,293
Investment income	1,442	681	-	2,123
Net change in market value	2,151	5,632	-	7,783
Additions to board designated endowment Contributions	875	-	-	875
	-	-	2,263	2,263
Distribution from Board-designated endowment pursuant to distribution policy	(5,524)	-	-	(5,524)
Appropriation of endowment assets pursuant to spending-rate policy	-	(3,200)	-	(3,200)
Endowment net assets at end of year	<u>\$ 33,904</u>	<u>\$ 17,373</u>	<u>\$ 60,336</u>	<u>\$ 111,613</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 12 - ENDOWMENTS (CONTINUED)

Funds with Deficiencies

Periodically, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor has required the Jewish Federation to retain as a fund of perpetual duration. Total deficiencies of this nature, which had an original gift value of \$2,759 and \$14,011, current fair value of \$1,850 and \$12,193, and a deficiency of \$909 and \$1,818 as of August 31, 2021 and 2020, respectively, and reduce net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new net assets with donor restrictions contributions and continued discretionary appropriations for certain programs that were deemed prudent by the Board of Directors. The spending policy remains unchanged if funds are underwater.

Return Objectives and Risk Parameters

The Jewish Federation has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment, while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity, as well as those of Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the policy benchmark while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Jewish Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Jewish Federation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Investment Committee of the Board of Directors, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy

In accordance with the Code, the Jewish Federation annually applies the approved spending rate percentage (4.75% for each of the years ended August 31, 2021 and 2020) to a 12-quarter average fair value of the net assets with donor restrictions and transfers the amount to net assets without donor restrictions for use in current operations. The Jewish Federation believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Jewish Federation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 13 - PROGRAM ALLOCATIONS

The Jewish Federation carries out program allocations to address two key priorities: Jewish Continuity and Safety Net, locally, in Israel and around the world. Internal staff, along with lay leadership, are charged with identifying the key issues in the local and overseas communities, as well as determining how to best address these issues. The Jewish Federation staff and lay leadership create, coordinate, and deliver services either directly or by granting funds to organizations through the annual program allocations grant process. For the years ended August 31, 2021 and 2020, there was \$2,465 and \$2,315, respectively, granted to support these priority areas in Israel and around the world.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements **August 31, 2021 and 2020** *(in thousands)*

NOTE 13 - PROGRAM ALLOCATIONS (CONTINUED)

The Jewish Federation addresses Safety Net through a commitment to fund services that meet the needs of vulnerable community members of all ages in Greater Philadelphia, in Israel and around the world. This includes delivering nutritional support, providing economic and emotional security through grants and counseling, enabling people with disabilities to reach their full potential and facilitating a wide array of services helping older adults to age safely, nourish their souls and live with dignity in their own homes.

The Jewish Federation addresses Jewish Continuity by supporting and facilitating vibrant Jewish living and learning locally and abroad for children, teens, young adults, and families. No matter where people are on their Jewish journey, the Jewish Federation helps provide opportunities including educational and camping resources, leadership development and family programs. This enables community members of all ages to engage in the rich tapestry of Jewish life, while securing the future of their Jewish world.

Amounts distributed to support overseas Jewish Continuity and Safety Net allocations are administered by the Jewish Federations of North America ("JFNA"), the umbrella organization of the North American Jewish Federations. JFNA, through its partner agencies and service providers, the Jewish Agency for Israel ("JAFI") and the American Jewish Joint Distribution Committee ("JDC"), supports needs in Israel and around the world.

Philanthropic donor-advised fund grants consist of distributions made to Section 501(c)(3) charities, with consideration given to the nonbinding recommendations of the donor advisers.

Direct endowment fund grants are distributions from restricted endowment funds which support the purpose of the Jewish Federation and are in addition to those amounts allocated through the annual program allocations grant process.

NOTE 14 - FUNCTIONAL EXPENSES - JEWISH FEDERATION

The following represents the costs of activities and services provided by the Jewish Federation presented on a functional basis and by natural classification for the years ended August 31, 2021 and 2020. Indirect costs have been allocated to these activities based on the support they require.

Program Allocations are defined in greater detail in Note 2(o) and Note 13. Jewish Federation Managed Programs are those programs administered by Jewish Federation, e.g. food program, NORC, etc., rather than through a grant making process, that further the Jewish Federation's mission. Campus Operations are programmatic costs incurred to fulfill the Jewish Federation's mission in running five campuses in the Greater Philadelphia region. Departmental Operations are those programmatic costs incurred to administer the Jewish Federation departments fulfilling its mission through the various priority areas.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 14 - FUNCTIONAL EXPENSES - JEWISH FEDERATION (CONTINUED)

The following represents the natural classification of expenses by function for the years ended August 31, 2021 and 2020:

	2021										
	Jewish Federation										
	Supporting Services			Program Services					Total Jewish Federation		
	Financial Resource Development	Management and General	Subtotal	Program Allocations	Jewish Federation Managed Programs	Campus Operations	Departmental Operations	Subtotal	Federation Expenses	Jewish Exponent	Total Expenses
Community allocations and grants:											
Program allocations and grants	\$ -	\$ -	\$ -	\$ 16,828	\$ 4,508	\$ -	\$ -	\$ 21,336	\$ 21,336	\$ -	\$ 21,336
Philanthropic donor-advised fund grants	-	-	-	11,895	-	-	-	11,895	11,895	-	11,895
Total community allocations and grants	-	-	-	28,723	4,508	-	-	33,231	33,231	-	33,231
Salaries and benefits:											
Salaries	3,031	1,676	4,707	-	425	20	2,982	3,427	8,134	487	8,621
Payroll tax and benefits	570	360	930	-	59	2	589	650	1,580	68	1,648
Total salaries and benefits	3,601	2,036	5,637	-	484	22	3,571	4,077	9,714	555	10,269
Other expenses:											
Conferences, conventions, and meetings	404	14	418	-	-	-	-	-	418	6	424
Professional fees and contract services	382	185	567	-	-	102	613	715	1,282	557	1,839
Public relations, telephone, and postage	266	93	359	-	13	-	4	17	376	289	665
Supplies, printing, and photographs	302	450	752	-	1,006	1	88	1,095	1,847	187	2,034
Real estate maintenance and insurance	-	612	612	-	51	1,357	3	1,411	2,023	36	2,059
Depreciation	-	369	369	-	-	816	-	816	1,185	-	1,185
Interest	-	65	65	-	-	880	-	880	945	9	954
Provision for uncollectibles	502	-	502	-	-	-	-	-	502	34	536
Unrelated business income tax	-	50	50	-	-	-	-	-	50	-	50
Total other expenses	1,856	1,838	3,694	-	1,070	3,156	708	4,934	8,628	1,118	9,746
Total expenses	\$ 5,457	\$ 3,874	\$ 9,331	\$ 28,723	\$ 6,062	\$ 3,178	\$ 4,279	\$ 42,242	\$ 51,573	\$ 1,673	\$ 53,246
	2020										
	Jewish Federation										
	Supporting Services			Program Services					Total Jewish Federation		
	Financial Resource Development	Management and General	Subtotal	Program Allocations	Jewish Federation Managed Programs	Campus Operations	Departmental Operations	Subtotal	Federation Expenses	Jewish Exponent	Total Expenses
Community allocations and grants:											
Program allocations and grants	\$ -	\$ -	\$ -	\$ 14,775	\$ 2,049	\$ -	\$ -	\$ 16,824	\$ 16,824	\$ -	\$ 16,824
Philanthropic donor-advised fund grants	-	-	-	26,734	-	-	-	26,734	26,734	-	26,734
Total community allocations and grants	-	-	-	41,509	2,049	-	-	43,558	43,558	-	43,558
Salaries and benefits:											
Salaries	3,573	1,546	5,119	-	705	79	3,372	4,156	9,275	648	9,923
Payroll tax and benefits	853	430	1,283	-	181	2	766	949	2,232	91	2,323
Total salaries and benefits	4,426	1,976	6,402	-	886	81	4,138	5,105	11,507	739	12,246
Other expenses:											
Conferences, conventions, and meetings	618	7	625	-	121	-	310	431	1,056	11	1,067
Professional fees and contract services	151	622	773	-	5	115	29	149	922	628	1,550
Public relations, telephone, and postage	307	34	341	-	37	-	28	65	406	313	719
Supplies, printing, and photographs	223	429	652	-	1,016	-	113	1,129	1,781	243	2,024
Real estate maintenance and insurance	328	229	557	-	112	1,511	135	1,758	2,315	71	2,386
Depreciation	159	61	220	-	26	826	128	980	1,200	-	1,200
Interest	-	103	103	-	-	1,017	-	1,017	1,120	14	1,134
Provision for uncollectibles	906	-	906	-	-	-	-	-	906	58	964
Unrelated business income tax	-	17	17	-	-	-	-	-	17	-	17
Total other expenses	2,692	1,502	4,194	-	1,317	3,469	743	5,529	9,723	1,338	11,061
Total expenses	\$ 7,118	\$ 3,478	\$ 10,596	\$ 41,509	\$ 4,252	\$ 3,550	\$ 4,881	\$ 54,192	\$ 64,788	\$ 2,077	\$ 66,865

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 15 - INCOME TAXES

The IRS has determined that the Jewish Federation qualifies as a publicly supported organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its core business activities. The Jewish Federation does make payments for federal taxes relative to certain noncore business activities that subject the Jewish Federation to federal unrelated business income taxes ("UBIT"). For the years ended August 31, 2021 and 2020, the Jewish Federation reflected UBIT expense of \$50 and \$17, respectively, of which \$50 and \$17, respectively, is included in management and general expenses in the consolidated statements of activities and changes in net assets.

The Jewish Exponent is subject to income taxes and accounts for them in accordance with U.S. GAAP. The Jewish Exponent has net operating loss carryforwards for tax purposes of approximately \$3,740 that began to expire in 2019. Since realization of the tax benefit associated with this carryforward is not considered more likely than not to be utilized, a full valuation allowance was recorded against this tax benefit.

The Organization adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. This interpretation clarifies the accounting for income taxes by prescribing the minimum standard a tax position is required to meet before being recognized in the consolidated financial statements. The Jewish Federation and the Jewish Exponent have not taken any uncertain tax position that should be accounted for under ASC 740. However, to the extent net operating loss carryforwards are utilized in the future, these losses may still be adjusted upon examination.

NOTE 16 - RETIREMENT PLANS

403(b) Plan

The Jewish Federation sponsors a deferred compensation plan pursuant to Internal Revenue Code Section 403(b). The 403(b) plan permits employees to voluntarily defer a percentage of their compensation, subject to statutory limits, until future years. Employees are eligible to participate in the 403(b) plan on the date of hire. The deferred compensation is not available to the employees until termination, retirement, death, or hardship distribution. The Jewish Federation matches 100% of each employee's contributions, up to 5% of the employee's compensation. For the years ended August 31, 2021 and 2020, the Jewish Federation contributed \$269 and \$316, respectively, to the plan.

Deferred Compensation Plan

The Jewish Federation offers certain management employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits the employees to voluntarily defer a percentage of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Jewish Federation does not fund the plan. The Jewish Federation had three employees in the deferred compensation plan as of August 31, 2021 and 2020. The cumulative amount deferred is not material to these consolidated financial statements.

Post-Retirement Benefit Plan

The Jewish Federation has post-retirement benefit plan obligations as of August 31, 2021 and 2020 for two former executives. Payments by the Jewish Federation on the obligations are payable when the former executives attain age 65. The benefit plan obligation liabilities are to be paid out over the next 14 years and have been recorded using a discount rate of approximately 2% to 3%. As of August 31, 2021 and 2020, the Jewish Federation has recorded a post-retirement benefit plan liability of \$59 and \$79, respectively, which is included in other noncurrent liabilities.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 16 - RETIREMENT PLANS (CONTINUED)

Defined-Benefit Pension Plan

The Jewish Federation sponsors the Jewish Federation of Greater Philadelphia Retirement Plan ("Plan"), a multiple-employer defined-benefit pension plan, in which the Jewish Federation and several of its constituent agencies participate. The Plan is considered a Church Plan under Section 414(e) of the Internal Revenue Code and is not subject to the general requirements of a pension plan under the Employee Retirement Income Security Act of 1974. Under the pension plan arrangement, the assets of the Plan are pooled and cannot be bifurcated among participants. These funds are generally available to pay benefits for employees of any of the participating employers. Benefits under the Plan are based on the employee's years of service and compensation during the years preceding retirement.

The Jewish Federation, along with the 13 remaining agencies, has frozen its participation in the Plan and will no longer be responsible for paying annual pension expense but will be required to pay any existing unfunded liability, measured annually. As part of the freeze, no new employees are entering the Plan and active participants in the Plan ceased accruing additional benefits, based on the freeze date of the respective agency.

The Jewish Federation has no present intention of terminating the Plan.

The measurement dates used to determine the benefit obligations and fair value of Plan assets were August 31, 2021 and 2020.

The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the consolidated statements of financial position as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Changes in benefit obligations:		
Benefit obligations at beginning of year	\$ 48,789	\$ 46,260
Interest cost	1,112	1,342
Actuarial loss	(328)	3,280
Benefit paid	<u>(2,138)</u>	<u>(2,093)</u>
Balance at end of year	<u>\$ 47,435</u>	<u>\$ 48,789</u>
Changes in plan assets:		
Fair value of plan assets at beginning of year	\$ 21,348	\$ 20,474
Actual return on plan assets (net of expense)	4,165	2,173
Employer contributions	961	793
Benefits paid	<u>(2,138)</u>	<u>(2,093)</u>
Balance at end of year	<u>\$ 24,336</u>	<u>\$ 21,347</u>
Accrued benefit costs:		
Funded status	<u>\$ (23,099)</u>	<u>\$ (27,442)</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 16 - RETIREMENT PLANS (CONTINUED)

Defined-Benefit Pension Plan (continued)

Items not yet recognized as a component of net periodic benefit costs for the years ended August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Net actuarial loss	<u>\$ 10,305</u>	<u>\$ 16,166</u>

The estimated net loss and prior service cost for the defined-benefit pension plan that will be amortized from changes in net assets without donor restrictions into net periodic benefit cost over fiscal years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Estimated net loss	<u>\$ 1,701</u>	<u>\$ 2,668</u>

The accumulated benefit obligation for the pension plan was \$47,435 and \$48,789 as of August 31, 2021 and 2020, respectively.

The components of net periodic benefit cost for the years ended August 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 77	\$ 77
Interest cost	1,112	1,342
Expected return on plan assets	(1,453)	(1,388)
Recognized actuarial loss	<u>2,745</u>	<u>2,598</u>
	<u>\$ 2,481</u>	<u>\$ 2,629</u>

The change in the pension obligation other than net periodic benefit costs was (\$5,861) and (\$182) for the years ended August 31, 2021 and 2020, respectively, and has been recorded within net periodic benefit cost and other pension-related changes in the consolidated statements of activities and changes in net assets.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 16 - RETIREMENT PLANS (CONTINUED)

Defined-Benefit Pension Plan (continued)

Other information for the Plan for the years ended August 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Benefits paid, including constituent agencies	\$ 2,138	\$ 2,093
Employer contributions, including constituent agencies	\$ 961	\$ 793
<i>Weighted-average assumptions used in computing benefit obligations at end of year:</i>		
Discount rate	2.47%	2.31%
Rate of compensation increase	N/A	N/A
<i>Weighted-average assumptions used in computing net periodic pension cost:</i>		
Discount rate	2.31%	3.00%
Rate of compensation increase	N/A	N/A
Expected return on assets	7.00%	7.00%

The overall expected long-term rate of return on assets is based on the target asset allocation of Plan assets (primarily equity and fixed income mutual funds) and the expected long-term returns of each asset class.

The Jewish Federation's pension plan weighted-average asset allocation as of August 31, 2021 and 2020, by asset category, is as follows:

	<u>2021</u>	<u>2020</u>
Equity mutual funds	65%	63%
Fixed income mutual funds	33%	36%
Other - including alternative investments *	2%	1%
	<u>100%</u>	<u>100%</u>

*Alternative investments include real estate, private equity and hedge funds.

It is the policy of the Jewish Federation to invest 50%-70% of Plan assets in equities, 30%-50% of Plan assets in fixed income, and 0%-5% of Plan assets in cash and cash equivalents. Allocations outside those parameters are generally due to either the timing of investment purchases and sales or anticipation of future distributions.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 16 - RETIREMENT PLANS (CONTINUED)

Defined-Benefit Pension Plan (continued)

Cost and fair values of the Jewish Federation's retirement plan investments were as follows as of August 31, 2021 and 2020:

	Investment Assets as of				
	August 31, 2021				
	Cost	Fair Value			Total
	Level 1	Level 2	Level 3		
Cash and cash equivalents	\$ 294	\$ 294	\$ -	\$ -	\$ 294
Fixed income mutual funds	8,082	8,252	-	-	8,252
Equity mutual funds	8,687	15,788	-	-	15,788
	17,063	\$ 24,334	\$ -	\$ -	24,334
Alternative investments (A)	16				2
	<u>\$ 17,079</u>				<u>\$ 24,336</u>
	Investment Assets as of				
	August 31, 2020				
	Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 160	\$ 160	\$ -	\$ -	\$ 160
Fixed income mutual funds	9,879	13,582	-	-	13,582
Equity mutual funds	7,434	7,602	-	-	7,602
	17,473	\$ 21,344	\$ -	\$ -	21,344
Alternative investments (A)	16				3
	<u>\$ 17,489</u>				<u>\$ 21,347</u>

(A) Investments measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy.

The Jewish Federation attempts to mitigate investment risk by rebalancing between equity and fixed income funds as the Jewish Federation's and its constituent agencies' contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains and losses would not be realized unless the investments are sold.

The Jewish Federation and its constituent agencies expect to contribute approximately \$1,058 to the Plan in 2022. No Plan assets are expected to be returned to the Jewish Federation and its constituent agencies during 2022.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2021 and 2020 (in thousands)

NOTE 16 - RETIREMENT PLANS (CONTINUED)

Defined-Benefit Pension Plan (continued)

The following benefit payments are expected to be paid:

<u>Year Ending August 31,</u>	
2022	\$ 2,246
2023	2,342
2024	2,393
2025	2,431
2026	2,466
2027-2029	<u>12,359</u>
	<u>\$ 24,237</u>

NOTE 17 - COMMITMENTS

The Organization is subject to claims and litigation in the ordinary course of business and maintains insurance and (where applicable) reserves, with respect to the possible liability arising from such claims. In management's opinion, the ultimate resolution of these claims will not have a material adverse effect on the Organization's consolidated financial position and changes in net assets.

NOTE 18 - RELATED PARTY TRANSACTIONS

The Federation Endowments Corporation ("FEC") is a separate 501(c)(3) organization. The FEC's Board of Directors is appointed by the President of FEC, with the consent of the Board Chair of the Jewish Federation. The FEC has no assets or liabilities and generates no income. Rather, the FEC secures and administers endowments for the benefit of the community and has been given limited discretion by the Jewish Federation with regard to distributions of endowment funds held by the Jewish Federation. The FEC has no ownership interest in the assets of the Jewish Federation.

The Jewish Federation is affiliated with the Foundation for Jewish Day Schools of Greater Philadelphia ("FJDS"). The FJDS is a separate 501(c)(3) organization. The Board Chair of the Jewish Federation elects the FJDS' Board of Directors; however, the consolidated financial statements exclude the accounts of FJDS, as the Jewish Federation does not have an economic interest in the FJDS. The Jewish Federation charges an administrative fee to FJDS based on revenue earned for the year. Fees charged were \$345 and \$323 for the years ended August 31, 2021 and 2020, respectively. There were no amounts due from FJDS as of August 31, 2021 or 2020.

During the years ended August 31, 2021 and 2020, the Jewish Federation allocated a certain amount to cover fundraising and administrative expenses of the FJDS. During the years ended August 31, 2021 and 2020, the Jewish Federation incurred \$109 and \$107, respectively, for fundraising expenses and \$73 and \$89, respectively, for administrative expenses of the FJDS. Amounts allocated to FJDS are to be reimbursed to the Jewish Federation.

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Notes to Consolidated Financial Statements **August 31, 2021 and 2020** *(in thousands)*

NOTE 19 - LEASE AGREEMENT

Effective on July 1, 2008, the Jewish Federation, as landlord ("Landlord"), entered into a lease agreement with the Jack M. Barrack Hebrew Academy, as tenant ("Tenant"), for buildings and playing fields on a portion of the Jewish Federation's 35 acre Schwartz Campus in Radnor, Pennsylvania. The Tenant makes payments under the lease when it raises money under its capital campaign. Those payments are pledged to the Jewish Federation and, in turn, certain amounts are to be applied by the Jewish Federation to reduce the principal amount of the tax-exempt debt. If the Tenant is unable to make payments in accordance with the lease agreement, the Jewish Federation is nonetheless obligated to ensure that the debt service payments are made.

The lease agreement provides for a base rent, to be paid by the Tenant under the lease, which consists of three separate components: acquisition cost, interest cost, and refinancing cost. The acquisition cost component, which was \$10,000, is one-third of the purchase price paid by the Jewish Federation to purchase the Schwartz Campus property. The interest cost component consists of interest on the outstanding acquisition cost component based on the variable rate and fixed interest swap rate of the tax-exempt debt used to refinance the acquisition cost. The refinancing cost component is determined based on total refinancing costs incurred by the Jewish Federation multiplied by the Loan Balance Ratio (Loan Balance Ratio is 38% as of August 31, 2021 and 2020).

Per the terms of the lease agreement, the Tenant was required to use its best efforts to pay the total base rent by July 1, 2015. The Tenant was unsuccessful in meeting this requirement. The Tenant and Landlord continue to develop methods by which the Tenant can satisfy the base rent obligations. The balance of the acquisition cost component, interest cost component, and refinancing cost component as of August 31, 2021 was \$9,221, \$1,924 and \$81, respectively. The balance of the acquisition cost component, interest cost component, and refinancing cost component as of August 31, 2020 was \$9,221, \$1,721 and \$72, respectively. Cumulative base-rent payments totaled \$1,865 through August 31, 2021 and 2020. These amounts have been fully reserved as it is currently unknown if the lessee will be able to pay the outstanding balance in the future.

NOTE 20 - RISKS AND UNCERTAINTIES

The worldwide COVID-19 pandemic and related government-imposed and other measures intended to control the spread of the disease, including restrictions on travel and the conduct of business, such as stay-at-home orders, quarantines, travel bans, border closings, business closures and other similar measures, have had a significant impact on global economic conditions and have negatively impacted certain aspects of the Organization's business and results of operations, and may continue to do so in the future. The extent of the impact and effects of COVID-19 on the operation and financial performance of the Jewish Federation are unknown. However, the Jewish Federation does not expect that the outbreak will have a material adverse effect on its business or financial results at this time.

NOTE 21 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 14, 2022, which is the date the consolidated financial statements were available to be issued.

On February 28, 2022, Jewish Publishing Group, a wholly-owned subsidiary of the Organization sold the intangible assets of the Jewish Exponent to the WJW Group, LLC, which owns and operates several periodicals similar in nature and audience to the Jewish Exponent. The Jewish Federation has committed to minimum annual advertising spend in the Jewish Exponent of \$75 for five years subject to the new owner satisfying certain contractual obligations.

CONSOLIDATING SUPPLEMENTARY INFORMATION

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidating Schedule of Financial Position August 31, 2021 (in thousands)

	<u>Jewish Federation</u>	<u>Jewish Exponent</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 22,433	\$ 66	\$ -	\$ 22,499
Assets held under revocable trust agreements	13,090	-	-	13,090
Pledges receivable, net	7,396	-	-	7,396
Customer accounts receivable, net	331	112	-	443
Prepaid expenses and other current assets	1,063	10	(325)	748
Total current assets	44,313	188	(325)	44,176
Investment in and advances to Jewish Exponent	(685)	-	685	-
Pledges receivable, noncurrent, net	2,145	-	-	2,145
Land, buildings and equipment, net	29,629	-	-	29,629
Assets held under charitable remainder trust agreements	1,603	-	-	1,603
Long-term investments	340,864	-	-	340,864
Nonparticipating assets	1,062	-	-	1,062
Other assets	5,210	20	-	5,230
Total assets	\$ 424,141	\$ 208	\$ 360	\$ 424,709
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Grants payable	\$ 8,407	\$ -	\$ -	\$ 8,407
Donor-designated liabilities	368	-	-	368
Accounts payable and accrued expenses	2,523	143	-	2,666
Line-of-credit borrowings	-	240	-	240
Current portion of long-term debt	193	171	-	364
Liabilities under revocable trust agreements	13,090	-	-	13,090
Current portion of liabilities under charitable remainder trust agreements	102	-	-	102
Current portion of liabilities under charitable gift annuities	440	-	-	440
Due to the Jewish Federation	-	325	(325)	-
Deferred revenue	225	-	-	225
Total current liabilities	25,348	879	(325)	25,902
Long-term debt, net of current portion	37,632	14	-	37,646
Long-term portion of liabilities under charitable remainder trust agreements	701	-	-	701
Long-term portion of liabilities under charitable gift annuities	3,586	-	-	3,586
Accrued pension benefit costs	23,099	-	-	23,099
Other noncurrent liabilities	2,617	-	-	2,617
Total liabilities	92,983	893	(325)	93,551
<i>Net assets</i>				
Without donor restrictions	138,230	(685)	685	138,230
With donor restrictions	192,928	-	-	192,928
Total net assets	331,158	(685)	685	331,158
Total liabilities and net assets	\$ 424,141	\$ 208	\$ 360	\$ 424,709

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidating Schedule of Financial Position August 31, 2020 (in thousands)

	<u>Jewish Federation</u>	<u>Jewish Exponent</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 32,621	\$ 13	\$ -	\$ 32,634
Assets held under revocable trust agreements	11,125	-	-	11,125
Pledges receivable, net	8,682	-	-	8,682
Customer accounts receivable, net	314	247	-	561
Prepaid expenses and other current assets	1,276	18	(325)	969
Total current assets	54,018	278	(325)	53,971
Investment in and advances to Jewish Exponent	(709)	-	709	-
Pledges receivable, noncurrent, net	1,775	-	-	1,775
Land, buildings and equipment, net	30,777	-	-	30,777
Assets held under charitable remainder trust agreements	1,592	-	-	1,592
Long-term investments	274,123	-	-	274,123
Nonparticipating assets	2,333	-	-	2,333
Other assets	4,603	26	-	4,629
Total assets	\$ 368,512	\$ 304	\$ 384	\$ 369,200
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Grants payable	\$ 8,003	\$ -	\$ -	\$ 8,003
Donor-designated liabilities	99	-	-	99
Accounts payable and accrued expenses	2,839	217	-	3,056
Line-of-credit borrowings	1,506	280	-	1,786
Current portion of long-term debt	1,227	92	-	1,319
Liabilities under revocable trust agreements	11,125	-	-	11,125
Current portion of liabilities under charitable remainder trust agreements	104	-	-	104
Current portion of liabilities under charitable gift annuities	455	-	-	455
Due to the Jewish Federation	-	325	(325)	-
Deferred revenue	214	-	-	214
Total current liabilities	25,572	914	(325)	26,161
Long-term debt, net of current portion	38,857	99	-	38,956
Long-term portion of liabilities under charitable remainder trust agreements	682	-	-	682
Long-term portion of liabilities under charitable gift annuities	4,114	-	-	4,114
Accrued pension benefit costs	27,442	-	-	27,442
Other noncurrent liabilities	3,625	-	-	3,625
Total liabilities	100,292	1,013	(325)	100,980
<i>Net assets</i>				
Without donor restrictions	111,425	(709)	709	111,425
With donor restrictions	156,795	-	-	156,795
Total net assets	268,220	(709)	709	268,220
Total liabilities and net assets	\$ 368,512	\$ 304	\$ 384	\$ 369,200

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidating Schedule of Activities and Changes in Net Assets Year Ended August 31, 2021 (in thousands)

	Jewish Federation	Jewish Exponent	Eliminations	Total
Public support and revenue				
<i>Public support</i>				
Campaign pledges	\$ 25,136	-	-	\$ 25,136
Grants to campaigns from philanthropic donor-advised and endowment funds	(4,039)	-	-	(4,039)
Other contributions and bequests	16,805	-	-	16,805
Total public support	<u>37,902</u>	<u>-</u>	<u>-</u>	<u>37,902</u>
<i>Revenue</i>				
Advertising revenue - <i>Jewish Exponent</i>	-	1,358	-	1,358
Subscription revenue - <i>Jewish Exponent</i>	-	121	-	121
Investment income, net	3,138	-	-	3,138
Realized and unrealized gains on investments	62,460	-	-	62,460
Change in value				
Nonparticipating assets	120	-	-	120
Charitable remainder trust agreements	100	-	-	100
Charitable gift annuities	105	-	-	105
Gain on forgiveness of PPP loan	1,966	165	-	2,131
Other income	2,615	3	-	2,618
In-kind contributions	748	-	-	748
Equity in earnings of Jewish Exponent	(26)	-	26	-
Total revenue	<u>71,226</u>	<u>1,647</u>	<u>26</u>	<u>72,899</u>
Total public support and revenue	<u>109,128</u>	<u>1,647</u>	<u>26</u>	<u>110,801</u>
Program allocations and expenses				
<i>Jewish Federation program allocations and program operations expenses</i>				
Grants and allocations				
Jewish Continuity	4,343	-	-	4,343
Safety Net	3,833	-	-	3,833
Designated campaign				
Jewish Continuity	1,802	-	-	1,802
Safety Net	3,126	-	-	3,126
Philanthropic donor-advised fund grants	11,895	-	-	11,895
Direct endowment fund grants	3,362	-	-	3,362
Program operations				
Jewish Federation managed programs	6,062	-	-	6,062
Campus operations	3,178	-	-	3,178
Departmental operations	4,279	-	-	4,279
Other program expense	362	-	-	362
Total Jewish Federation program allocations and program operations expenses	<u>42,242</u>	<u>-</u>	<u>-</u>	<u>42,242</u>
<i>Other Expenses</i>				
<i>Jewish Federation</i>				
Financial resource development	4,955	-	-	4,955
Management and general	3,824	-	-	3,824
Provision for uncollectibles	502	-	-	502
Unrelated business income tax	50	-	-	50
Total Jewish Federation other expenses	<u>9,331</u>	<u>-</u>	<u>-</u>	<u>9,331</u>
Total Jewish Federation expenses	<u>51,573</u>	<u>-</u>	<u>-</u>	<u>51,573</u>
<i>Jewish Exponent</i>				
Production	-	638	-	638
Editorial	-	324	-	324
Administration	-	313	-	313
Sales and office	-	398	-	398
Total Jewish Exponent expenses	<u>-</u>	<u>1,673</u>	<u>-</u>	<u>1,673</u>
Total program allocations and expenses	<u>51,573</u>	<u>1,673</u>	<u>-</u>	<u>53,246</u>
Change in net assets from operations	<u>57,555</u>	<u>(26)</u>	<u>26</u>	<u>57,555</u>
<i>Other changes in net assets</i>				
Net periodic benefit cost and other pension-related changes	4,341	-	-	4,341
Change in fair value of interest rate swap agreements	1,042	-	-	1,042
Jewish Exponent - capital contribution from Jewish Federation	-	50	(50)	-
Total other changes in net assets	<u>5,383</u>	<u>50</u>	<u>(50)</u>	<u>5,383</u>
Change in net assets	<u>62,938</u>	<u>24</u>	<u>(24)</u>	<u>62,938</u>
Net assets (deficiency), beginning of year	268,220	(709)	709	268,220
Net assets (deficiency), end of year	<u>\$ 331,158</u>	<u>(685)</u>	<u>\$ 685</u>	<u>\$ 331,158</u>

JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY

Consolidating Schedule of Activities and Changes in Net Assets Year Ended August 31, 2020 (in thousands)

	Jewish Federation	Jewish Exponent	Eliminations	Total
Public support and revenue				
<i>Public support</i>				
Campaign pledges	\$ 28,126	\$ -	\$ -	\$ 28,126
Grants to campaigns from philanthropic donor-advised and endowment funds	(2,644)	-	-	(2,644)
Other contributions and bequests	38,666	-	-	38,666
Total public support	<u>64,148</u>	<u>-</u>	<u>-</u>	<u>64,148</u>
<i>Revenue</i>				
Advertising revenue - <i>Jewish Exponent</i>	-	1,484	-	1,484
Subscription revenue - <i>Jewish Exponent</i>	-	75	-	75
Investment income, net	4,259	-	-	4,259
Realized and unrealized gains on investments	22,686	-	-	22,686
Change in value				
Nonparticipating assets	261	-	-	261
Charitable remainder trust agreements	203	-	-	203
Charitable gift annuities	(922)	-	-	(922)
Other income	4,558	-	-	4,558
In-kind contributions	916	-	-	916
Equity in earnings of Jewish Exponent	(401)	-	401	-
Total revenue	<u>31,560</u>	<u>1,559</u>	<u>401</u>	<u>33,520</u>
Total public support and revenue	<u>95,708</u>	<u>1,559</u>	<u>401</u>	<u>97,668</u>
Program allocations and expenses				
<i>Jewish Federation program allocations and program operations expenses</i>				
Grants and allocations				
Jewish Continuity	3,505	-	-	3,505
Safety Net	3,983	-	-	3,983
Community Services	145	-	-	145
Designated campaign				
Jewish Continuity	1,756	-	-	1,756
Safety Net	1,534	-	-	1,534
Philanthropic donor-advised fund grants	26,734	-	-	26,734
Direct endowment fund grants	3,321	-	-	3,321
Program operations				
Jewish Federation managed programs	4,252	-	-	4,252
Campus operations	3,550	-	-	3,550
Departmental operations	4,881	-	-	4,881
Other program expense	531	-	-	531
Total Jewish Federation program allocations and program operations expenses	<u>54,192</u>	<u>-</u>	<u>-</u>	<u>54,192</u>
<i>Other Expenses</i>				
<i>Jewish Federation</i>				
Financial resource development	6,212	-	-	6,212
Management and general	3,461	-	-	3,461
Provision for uncollectibles	906	-	-	906
Unrelated business income tax	17	-	-	17
Total Jewish Federation other expenses	<u>10,596</u>	<u>-</u>	<u>-</u>	<u>10,596</u>
Total Jewish Federation expenses	<u>64,788</u>	<u>-</u>	<u>-</u>	<u>64,788</u>
<i>Jewish Exponent</i>				
Production	-	748	-	748
Editorial	-	383	-	383
Administration	-	473	-	473
Sales and office	-	473	-	473
Total Jewish Exponent expenses	<u>-</u>	<u>2,077</u>	<u>-</u>	<u>2,077</u>
Total program allocations and expenses	<u>64,788</u>	<u>2,077</u>	<u>-</u>	<u>66,865</u>
Change in net assets from operations	<u>30,920</u>	<u>(518)</u>	<u>401</u>	<u>30,803</u>
<i>Other changes in net assets</i>				
Net periodic benefit cost and other pension-related changes	(1,656)	-	-	(1,656)
Change in fair value of interest rate swap agreements	(3,241)	-	-	(3,241)
Jewish Exponent - capital contribution from Jewish Federation	-	2,036	(2,036)	-
Jewish Exponent - nonoperating gains	-	117	-	117
Total other changes in net assets	<u>(4,897)</u>	<u>2,153</u>	<u>(2,036)</u>	<u>(4,780)</u>
Change in net assets	<u>26,023</u>	<u>1,635</u>	<u>(1,635)</u>	<u>26,023</u>
Net assets (deficiency), beginning of year	<u>242,197</u>	<u>(2,344)</u>	<u>2,344</u>	<u>242,197</u>
Net assets (deficiency), end of year	<u>\$ 268,220</u>	<u>(\$ 709)</u>	<u>\$ 709</u>	<u>\$ 268,220</u>