

JEWISH FEDERATION OF DELAWARE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2020 AND 2019

JEWISH FEDERATION OF DELAWARE, INC.
TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	10
Independent Auditors' Report on Additional Information	29
Schedules of Allocations	30
Supplemental Statements of Financial Position - Jewish Fund for the Future	31
Supplemental Statements of Activities - Jewish Fund for the Future	32



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report

To the Board of Directors
Jewish Federation of Delaware, Inc.

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 auditors' 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.

To the Board of Directors
Jewish Federation of Delaware, Inc.

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

Belfint, Lyons & Shuman, P.A.

November 23, 2020
Wilmington, Delaware

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 2,074,216	\$ 1,388,897
Pledges Receivable - Annual Campaigns, Net	503,056	484,342
Pledges Receivable - Capital Campaign, Net	291,373	253,017
Accounts Receivable	113,772	25,238
Prepaid Expenses	56,907	76,795
Notes Receivable	210,000	210,000
Investments - at Fair Value	27,612,954	27,892,732
Cash Surrender Value - Life Insurance	479,808	490,234
Property and Equipment, Net	10,938,140	11,354,832
TOTAL ASSETS	\$ 42,280,226	\$ 42,176,087

LIABILITIES AND NET ASSETS

LIABILITIES		
Allocations Payable	\$ 1,161,121	\$ 1,125,177
Accounts Payable and Accrued Expenses	80,267	177,420
Deferred Revenue	6,900	1,825
Investments Held for Others	13,119,058	13,164,999
Cash Held On Behalf of the Jewish Historical Society	190,129	-
Loan Payable	816,594	923,719
TOTAL LIABILITIES	15,374,069	15,393,140
NET ASSETS		
Without Donor Restrictions		
Board Designated for Endowment	7,191,543	7,439,347
Board Designated for Capital Reserve	685,960	531,439
Undesignated	11,041,901	10,898,988
Total Net Assets Without Donor Restrictions	18,919,404	18,869,774
With Donor Restrictions	7,986,753	7,913,173
TOTAL NET ASSETS	26,906,157	26,782,947
TOTAL LIABILITIES AND NET ASSETS	\$ 42,280,226	\$ 42,176,087

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and Special Events	\$ 2,866,148	\$ 179,717	\$ 3,045,865
Paycheck Protection Program Support	125,907	-	125,907
Emergency Fund Contributions	102,838	-	102,838
Rent	1,277,479	-	1,277,479
Advertising Income	124,850	-	124,850
Program Fees - Investment Management	96,637	-	96,637
Subscription Income	3,225	-	3,225
Net Assets Released from Restrictions to Satisfy Programs	408,989	(408,989)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	5,006,073	(229,272)	4,776,801
ALLOCATIONS AND EXPENSES			
Allocations to Local Agencies and Overseas - Program	1,152,070	-	1,152,070
Functional Expenses - Other			
Program Services	2,483,118	-	2,483,118
Supporting Services			
Management and General	159,021	-	159,021
Fundraising	301,726	-	301,726
Total Supporting Services	460,747	-	460,747
Total Functional Expenses	2,943,865	-	2,943,865
TOTAL ALLOCATIONS AND EXPENSES	4,095,935	-	4,095,935
OPERATING PROFIT (LOSS)	910,138	(229,272)	680,866
NONOPERATING REVENUE (EXPENSES)			
Capital Campaign Contributions	-	180	180
Net Appreciation - Realized and Unrealized	16,814	70,798	87,612
Interest and Dividend Income, Net	155,819	232,054	387,873
Endowment Fund Allocations	(1,033,321)	-	(1,033,321)
Net Assets Released from Restrictions to Satisfy			
Capital Campaign Contributions	180	(180)	-
TOTAL NONOPERATING REVENUE (EXPENSES)	(860,508)	302,852	(557,656)
CHANGE IN NET ASSETS	49,630	73,580	123,210
NET ASSETS - Beginning of Year	18,869,774	7,913,173	26,782,947
NET ASSETS - End of Year	\$ 18,919,404	\$ 7,986,753	\$ 26,906,157

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and Special Events	\$ 2,744,719	\$ 384,936	\$ 3,129,655
Paycheck Protection Program Support	-	-	-
Emergency Fund Contributions	-	-	-
Rent	1,233,963	-	1,233,963
Advertising Income	96,084	-	96,084
Program Fees - Investment Management	82,905	-	82,905
Subscription Income	3,426	-	3,426
Net Assets Released from Restrictions to Satisfy Programs	515,482	(515,482)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>4,676,579</u>	<u>(130,546)</u>	<u>4,546,033</u>
ALLOCATIONS AND EXPENSES			
Allocations to Local Agencies and Overseas - Program	1,142,462	-	1,142,462
Functional Expenses - Other			
Program Services	2,584,284	-	2,584,284
Supporting Services			
Management and General	262,289	-	262,289
Fundraising	259,802	-	259,802
Total Supporting Services	522,091	-	522,091
Total Functional Expenses	3,106,375	-	3,106,375
TOTAL ALLOCATIONS AND EXPENSES	<u>4,248,837</u>	<u>-</u>	<u>4,248,837</u>
OPERATING PROFIT (LOSS)	<u>427,742</u>	<u>(130,546)</u>	<u>297,196</u>
NONOPERATING REVENUE (EXPENSES)			
Capital Campaign Contributions	-	180	180
Net Appreciation - Realized and Unrealized	147,310	153,515	300,825
Interest and Dividend Income, Net	217,288	291,924	509,212
Endowment Fund Allocations	(884,674)	-	(884,674)
Net Assets Released from Restrictions to Satisfy			
Capital Campaign Contributions	180	(180)	-
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(519,896)</u>	<u>445,439</u>	<u>(74,457)</u>
CHANGE IN NET ASSETS	(92,154)	314,893	222,739
NET ASSETS - Beginning of Year	<u>18,961,928</u>	<u>7,598,280</u>	<u>26,560,208</u>
NET ASSETS - End of Year	<u>\$ 18,869,774</u>	<u>\$ 7,913,173</u>	<u>\$ 26,782,947</u>

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
SALARIES AND RELATED EXPENSES					
Salaries	\$ 455,177	\$ 85,092	\$ 211,721	\$ 296,813	\$ 751,990
Employee Benefits	54,113	12,979	30,766	43,745	97,858
Payroll Taxes	27,864	5,476	13,815	19,291	47,155
TOTAL SALARIES AND RELATED EXPENSES	<u>537,154</u>	<u>103,547</u>	<u>256,302</u>	<u>359,849</u>	<u>897,003</u>
OTHER EXPENSES					
Advertising	6,608	5,001	440	5,441	12,049
Bad Debt Expense	25,000	-	-	-	25,000
Conferences and Travel	1,507	1,369	498	1,867	3,374
Emergency Fund Distributions	75,000	-	-	-	75,000
Facilities Management (FMB)	1,015,887	-	-	-	1,015,887
Insurance	-	5,850	-	5,850	5,850
Interest	28,437	-	-	-	28,437
Merchant Fees	108	-	7,983	7,983	8,091
Office Expenses, Subscriptions, Printing, and Dues	85,887	13,316	10,423	23,739	109,626
Postage	12,863	771	1,121	1,892	14,755
Professional Services	56,082	28,589	16,624	45,213	101,295
Program and Event Expenditures	53,284	-	7,461	7,461	60,745
Telephone	2,295	578	874	1,452	3,747
TOTAL OTHER EXPENSES	<u>1,362,958</u>	<u>55,474</u>	<u>45,424</u>	<u>100,898</u>	<u>1,463,856</u>
Depreciation	583,006	-	-	-	583,006
Allocations to Local Agencies and Overseas	1,152,070	-	-	-	1,152,070
Endowment Fund Allocations	1,033,321	-	-	-	1,033,321
TOTAL EXPENSES	<u>4,668,509</u>	<u>159,021</u>	<u>301,726</u>	<u>460,747</u>	<u>5,129,256</u>
Less: Allocations to Local Agencies and Overseas	(1,152,070)	-	-	-	(1,152,070)
Less: Endowment Fund Allocations	(1,033,321)	-	-	-	(1,033,321)
TOTAL EXPENSES REPORTED ON STATEMENT OF ACTIVITIES	<u>\$ 2,483,118</u>	<u>\$ 159,021</u>	<u>\$ 301,726</u>	<u>\$ 460,747</u>	<u>\$ 2,943,865</u>

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
SALARIES AND RELATED EXPENSES					
Salaries	\$ 466,195	\$ 126,551	\$ 185,845	\$ 312,396	\$ 778,591
Employee Benefits	34,401	24,241	19,665	43,906	78,307
Payroll Taxes	28,325	8,842	11,737	20,579	48,904
TOTAL SALARIES AND RELATED EXPENSES	<u>528,921</u>	<u>159,634</u>	<u>217,247</u>	<u>376,881</u>	<u>905,802</u>
OTHER EXPENSES					
Advertising	8,445	7,648	12	7,660	16,105
Bad Debt Expense	9,508	-	-	-	9,508
Conferences and Travel	5,206	2,388	2,909	5,297	10,503
Emergency Fund Distributions	-	-	-	-	-
Facilities Management (FMB)	1,192,787	-	-	-	1,192,787
Insurance	-	5,427	-	5,427	5,427
Interest	33,456	-	-	-	33,456
Merchant Fees	503	-	7,805	7,805	8,308
Office Expenses, Subscriptions, Printing, and Dues	69,387	29,419	6,911	36,330	105,717
Postage	12,482	5,819	10	5,829	18,311
Professional Services	53,940	48,869	9,762	58,631	112,571
Program and Event Expenditures	56,024	-	15,130	15,130	71,154
Telephone	-	3,085	16	3,101	3,101
TOTAL OTHER EXPENSES	<u>1,441,738</u>	<u>102,655</u>	<u>42,555</u>	<u>145,210</u>	<u>1,586,948</u>
Depreciation	613,625	-	-	-	613,625
Allocations to Local Agencies and Overseas	1,142,462	-	-	-	1,142,462
Endowment Fund Allocations	884,674	-	-	-	884,674
TOTAL EXPENSES	<u>4,611,420</u>	<u>262,289</u>	<u>259,802</u>	<u>522,091</u>	<u>5,133,511</u>
Less: Allocations to Local Agencies and Overseas	(1,142,462)	-	-	-	(1,142,462)
Less: Endowment Fund Allocations	(884,674)	-	-	-	(884,674)
TOTAL EXPENSES REPORTED ON STATEMENT OF ACTIVITIES	<u>\$ 2,584,284</u>	<u>\$ 262,289</u>	<u>\$ 259,802</u>	<u>\$ 522,091</u>	<u>\$ 3,106,375</u>

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors	\$ 3,203,146	\$ 3,221,701
Interest and Dividends Received, Net	387,873	509,212
Cash Received from Advertisers and Subscribers	124,958	101,110
Rent Received	1,192,062	1,232,953
Cash Paid to Local Agencies and Overseas	(1,116,126)	(1,059,167)
Cash Paid to Employees and Suppliers	(3,364,206)	(3,242,300)
Interest Paid	(28,437)	(33,456)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>399,270</u>	<u>730,053</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	5,510,557	2,232,261
Net Purchase of Investments	(4,645,333)	(3,234,783)
Cash Paid for Property and Equipment	(215,041)	(118,397)
NET CASH PROVIDED (UTILIZED) BY INVESTING ACTIVITIES	<u>650,183</u>	<u>(1,120,919)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash (Paid for) Received from Investments Held for Others	(447,138)	1,202,808
Cash Received on Behalf of the Jewish Historical Society	190,129	-
Principal Payments from Loan Payable	(107,125)	-
NET CASH PROVIDED (UTILIZED) BY FINANCING ACTIVITIES	<u>(364,134)</u>	<u>1,202,808</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	685,319	811,942
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,388,897</u>	<u>576,955</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 2,074,216</u>	<u>\$ 1,388,897</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Increase in Investments and Investments Held for Others from		
Realized Gains on Investments	<u>\$ 36,558</u>	<u>\$ 225,622</u>
Unrealized Gains on Investments	<u>\$ 76,891</u>	<u>\$ 12,303</u>
Accounts Payable Incurred to Acquire Equipment	<u>\$ 1,623</u>	<u>\$ 50,350</u>

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 123,210	\$ 222,739
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	583,006	613,625
Realized Gain on Investments	(43,859)	(283,403)
Unrealized Gain on Investments	(43,753)	(17,422)
Fee Income - Allocated from Investments Held for Others	(96,637)	(82,905)
Bad Debt Expense	25,000	9,508
Decrease in Cash Surrender Value - Life Insurance	10,426	1,743
Change in Assets		
Pledges Receivable	(82,070)	90,122
Accounts Receivable	(88,534)	590
Prepaid Expenses	19,888	14,714
Change in Liabilities		
Allocations Payable	35,944	83,295
Accounts Payable and Accrued Expenses	(48,426)	75,622
Deferred Revenue	5,075	1,825
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 399,270	\$ 730,053

The accompanying notes are an integral part of these financial statements.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Jewish Federation of Delaware, Inc. (Federation) is a nonprofit organization located in Wilmington, Delaware. The Federation's mission is to mobilize the Jewish Community to address issues, meet needs, and build an agenda for the future. The Federation is the central fundraising and community planning agency for the Jewish community of Delaware and the greater Brandywine Valley. One of the Federation's primary programs in furtherance of its mission is management of the Jewish Fund for the Future.

Basis of Accounting - The Federation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation - In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, the Federation is required to report information regarding its financial position and activities according to two classes of net assets: with or without donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, although their use may be limited by board designation.

Net Assets With Donor Restrictions - Net assets subject to donor- or certain grantor-imposed restrictions. 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 may be 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.

Changes in Accounting Principles - During the year ended June 30, 2020, the Federation changed its accounting methods for revenue recognition and contributions as a result of implementing the requirements in the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Changes in Accounting Principles - Continued

Revenue Recognition - FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Federation has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively, with no effect on net assets.

Contributions - In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Federation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Federation's implementation of ASU 2018-08.

Revenue Recognition for Contracts with Customers - In accordance with FASB ASC 606, the Federation recognizes revenue resulting from contracts with customers when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Federation generates revenue:

Advertising Income - The Federation offers a monthly publication featuring stories of importance, encouraging editorials, international and national news highlighting the Jewish community. The Federation receives fees for advertising in the monthly publication. The Federation's performance obligation consists of delivering the publications to readers in print or online format and revenue is recognized at the point in time the publication is released. Amounts received in advance for future advertising represent contract liabilities and are recorded as deferred revenue on the statements of financial position.

Subscription Income - The Federation recognizes subscription revenue from its monthly publications over the term of the subscription period, which is generally one year. The Federation's performance obligation consists of delivering the publication to subscribers in print

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

Subscription Income - Continued - or online format. Amounts received in advance of a given subscription period represent contract liabilities and are recorded as deferred revenue on the statements of financial position.

Fundraising Income - Special Events - The Federation recognizes special event revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of direct benefits provided to the donor is recognized at the time the benefit is delivered, generally when the event occurs. Contribution revenue resulting from special events is recognized upon receipt. At times, the Federation may receive payments prior to the period in which the special event will occur. These payments represent contract liabilities and are recorded as deferred revenues on the statements of financial position.

Due to the nature and timing of the performance obligations and transfer of services, substantially all contract liabilities at June 30 of each year are recognized as revenue in the following year.

Revenue Recognition for Contributions and Grants - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Unconditional promises to give (pledges receivable) are recorded as support in the period the Federation receives the promise. Pledges receivable that are expected to be received over a period in excess of one year are discounted and recorded at their present value.

Conditional contributions, grants, and 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 substantially met.

During the year ended June 30, 2020, the Federation received a conditional grant under the Paycheck Protection Program totaling \$125,907. The Federation satisfied its performance requirements during the year ended June 30, 2020 and recognized this grant as income.

All donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - The costs of providing the various programs have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. Salaries and related expenses are allocated based on time and effort. All other shared expenses are allocated based on direct cost.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents - The Federation considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment - Property and equipment with a cost of \$1,000 and greater and an estimated useful life in excess of one year are capitalized at cost if purchased and at fair value if donated. Depreciation of property and equipment is provided by use of the straight-line method over the estimated useful lives of the related assets, ranging from three to forty years.

Income Taxes - The Federation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Federation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a)(2) of the IRC.

Income not related to the Federation's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Federation has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of June 30, 2020 and 2019.

The federal informational returns of the Federation for the years ended June 30, 2017, 2018, 2019, and 2020 are subject to examination by the tax authorities, generally for three years after they were filed.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising - Advertising costs are charged to operations when incurred.

Operating and Nonoperating Classifications - Revenue, gains, support, and expenses are classified in the statements of activities as operating and nonoperating. The operating classification includes contributions, rental income, advertising and subscription income, and expenses of operating the Federation. The nonoperating classification includes capital contributions, interest and dividend income, realized gains and losses on investments, unrealized gains and losses on investments, endowment fund allocations, and gains (losses) on the disposal of property and equipment.

Allowance for Uncollectible Receivables - Pledges receivable are stated net of an allowance for uncollectible accounts. The Federation estimates the allowance based on its historical experience of the relationship between actual bad debt and net amount pledged. The Federation also takes into consideration an analysis of specific donors, the age of past due amounts, and an assessment of the donor's ability to pay. The allowance for uncollectible accounts for pledges receivable was \$83,750 and \$89,410 as of June 30, 2020 and 2019, respectively. The allowance for uncollectible accounts for pledges receivable - capital campaign was \$81,300 as of June 30, 2020 and 2019.

Investments - In accordance with FASB ASC 958-320, *Investments - Debt and Equity Securities*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains and losses restricted by a donor are reported as increases or decreases in net assets with donor restrictions in the reporting period in which the income and gains or losses are recognized.

Allocations Payable - The Federation awards allocations (grants) to other organizations. The allocations are recognized as an expense in the period the allocation is determined and approved by the Federation.

Approval traditionally occurs at the end of the fiscal year for the subsequent year's allocations; therefore, the upcoming year's allocations are included in allocations payable on the statements of financial position. Impacts of the COVID pandemic forced the administrative task of approving the allocation beyond June 30, 2020. However, the Federation believes that the allocations, determined prior to June 30, 2020, should be recognized as of June 30, 2020 to improve the comparability and usefulness of its financial statements to the readers.

Subsequent Events - The Federation's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 2: AVAILABILITY AND LIQUIDITY

The following reflects the Federation's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial Assets as of June 30		
Cash and Cash Equivalents	\$ 2,074,216	\$ 1,388,897
Pledges Receivable - Annual Campaigns, Net	503,056	484,342
Pledges Receivable - Capital Campaign, Net	291,373	253,017
Accounts Receivable	113,772	25,238
Notes Receivable	210,000	210,000
Investments - at Fair Value	<u>27,612,954</u>	<u>27,892,732</u>
 Total Financial Assets as of June 30	 30,805,371	 30,254,226
 Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Investments and Cash Held for Others	(13,309,187)	(13,164,999)
Donor Restricted - Endowment Funds in Excess of Annual Spending Policy	(6,954,269)	(7,652,780)
Board Designated - Endowment Funds in Excess of Annual Spending Policy	(7,720,537)	(7,227,624)
Board Designated for Capital Reserve	(685,960)	(531,439)
Donor Restricted - Purpose Restricted for Program Initiatives	(32,657)	(33,737)
Expected Collections to be Received in Future Periods Beyond One Year - Pledges Receivable	(288,165)	(231,831)
Expected Collections to be Received in Future Periods Beyond One Year - Notes Receivable	<u>(210,000)</u>	<u>(210,000)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 1,604,596</u>	 <u>\$ 1,201,816</u>

The Federation has a goal to maintain financial assets on hand to meet its normal operating expenses. As described in Note 10, the Federation has a line of credit in the amount of \$2,000,000 that could be drawn upon in the event of an unanticipated liquidity need.

Donor-restricted and board-designated endowment funds are subject to an annual spending policy of 3% to 5% average fair value over the prior 12 quarters' rolling average in which the distribution is planned, unless otherwise documented in the endowment agreement, as described in Note 16. Endowment fund amounts in excess of the annual spending policy have been reflected as unavailable for general expenditures within one year in the chart above. Although the Federation does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditures through the annual spending policy), these amounts could be made available by a board resolution in the event of financial distress or an immediate liquidity need.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables disaggregate the Federation's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	2020		
	At a Point in Time	Over Time	Total
Advertising Income	\$ 124,850	\$ -	\$ 124,850
Subscription Income	-	3,225	3,225
Special Events	20,403	-	20,403
	\$ 145,253	\$ 3,225	\$ 148,478
	2019		
	At a Point in Time	Over Time	Total
Advertising Income	\$ 96,084	\$ -	\$ 96,084
Subscription Income	-	3,426	3,426
Special Events	40,549	-	40,549
	\$ 136,633	\$ 3,426	\$ 140,059

Accounts receivable and contract balances from contracts with customers are as follows:

	2020		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 4,964	\$ -	\$ 1,825
End of Year	8,081	-	6,900
	2019		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 6,564	\$ -	\$ -
End of Year	4,964	-	1,825

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 4: INVESTMENT INCOME

The following tables detail the components of investment income for the years ended June 30:

	2020		
	Cost	Fair Value	Appreciation
Balance - End of Year	\$ 22,725,648	\$ 27,612,954	\$ 4,887,306
Balance - Beginning of Year	23,126,070	27,892,732	4,766,662
Increase in Unrealized Appreciation			120,644
Less: Increase in Net Unrealized Appreciation - Held for Others			(76,891)
Unrealized Gain			43,753
Realized Net Gain			43,859
Net Gain on Investments			87,612
Interest			248,316
Dividends			192,844
Investment Fees			(53,287)
Total Investment Income, Net			<u>\$ 475,485</u>

	2019		
	Cost	Fair Value	Appreciation
Balance - End of Year	\$ 23,126,070	\$ 27,892,732	\$ 4,766,662
Balance - Beginning of Year	21,175,862	25,912,799	4,736,937
Increase in Unrealized Appreciation			29,725
Less: Increase in Net Unrealized Appreciation - Held for Others			(12,303)
Unrealized Gain			17,422
Realized Net Gain			283,403
Net Gain on Investments			300,825
Interest			111,450
Dividends			447,762
Investment Fees			(50,000)
Total Investment Income, Net			<u>\$ 810,037</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 5: FAIR VALUE MEASUREMENTS

The Federation follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Federation has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair values of assets and liabilities measured on a recurring basis as of June 30 were as follows:

	2020			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Investments				
Mutual Bond Funds	\$ 7,031,760	\$ 7,031,760	\$ -	\$ -
Mutual Equity Funds	20,421,122	20,421,122	-	-
Israel Bonds	<u>160,072</u>	<u>-</u>	<u>160,072</u>	<u>-</u>
Total Investments	27,612,954	27,452,882	160,072	-
Cash Surrender Value -				
Life Insurance	<u>479,808</u>	<u>-</u>	<u>479,808</u>	<u>-</u>
Total Assets	<u>\$ 28,092,762</u>	<u>\$ 27,452,882</u>	<u>\$ 639,880</u>	<u>\$ -</u>
Liabilities				
Investments Held for Others	<u>\$ 13,119,058</u>	<u>\$ -</u>	<u>\$ 13,119,058</u>	<u>\$ -</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 5: FAIR VALUE MEASUREMENTS - CONTINUED

	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Mutual Bond Funds	\$ 7,779,218	\$ 7,779,218	\$ -	\$ -
Mutual Equity Funds	19,953,508	19,946,400	-	7,108
Israel Bonds	<u>160,006</u>	<u>-</u>	<u>160,006</u>	<u>-</u>
Total Investments	27,892,732	27,725,618	160,006	7,108
Cash Surrender Value -				
Life Insurance	<u>490,234</u>	<u>-</u>	<u>490,234</u>	<u>-</u>
Total Assets	<u>\$ 28,382,966</u>	<u>\$ 27,725,618</u>	<u>\$ 650,240</u>	<u>\$ 7,108</u>
Liabilities				
Investments Held for Others	<u>\$ 13,164,999</u>	<u>\$ -</u>	<u>\$ 13,164,999</u>	<u>\$ -</u>

Fair values measured using level 1 inputs are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values measured using level 2 inputs are based on investment pool unitization percentages, which are considered observable level 2 inputs, and estimated values of life insurance contracts.

NOTE 6: PLEDGES RECEIVABLE

Pledges receivable related to the Federation's annual campaigns consisted of the following as of June 30:

	2020	2019
Annual Pledges (Less than One Year)	\$ 586,806	\$ 573,752
Less: Estimated Uncollectible Amounts	<u>(83,750)</u>	<u>(89,410)</u>
	<u>\$ 503,056</u>	<u>\$ 484,342</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 6: PLEDGES RECEIVABLE - CONTINUED

In 2000, the Federation initiated a capital campaign to fund several capital projects for the Delaware Jewish community, including a major expansion and renovation of the Bernard and Ruth Siegel Jewish Community Center, Inc.'s (Center) facility located on Garden of Eden Road in Wilmington (Project). A mortgage was secured to facilitate the completion of the Project (Note 10).

In May 2010, the Center passed the Capital Campaign Commitment Agreement resolution to fund up to \$250,000 of any resulting shortfall after collection of all current and future pledges receivable related to the capital campaign.

The Federation is the owner of a \$500,000 life insurance policy whose proceeds will be used to reduce any outstanding capital campaign debt upon the death of the insured. The pledged insurance proceeds reduced by the cash value is included in campaign pledges receivable.

Below is a summary of campaign pledges receivable by anticipated maturity as of June 30:

	2020		2019	
	Amount of Pledge	Net Present Value	Amount of Pledge	Net Present Value
Under 1 Year	\$ 146,889	\$ 146,889	\$ 146,889	\$ 146,889
1 Year to 5 Years	288,165	225,784	231,831	187,428
	<u>\$ 435,054</u>	372,673	<u>\$ 378,720</u>	334,317
Less: Allowance for Uncollectibles		<u>(81,300)</u>		<u>(81,300)</u>
		<u>\$ 291,373</u>		<u>\$ 253,017</u>

The net present value for pledges to be received in periods greater than one year was calculated using a discount rate of approximately 5% as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, the discount totaled \$62,380 and \$44,403, respectively.

NOTE 7: INTENTIONS TO GIVE

During fiscal year 1999, the Federation received notification that it had been designated as a charitable organization under two Charitable Remainder Unitrusts (CRUTs). The trust agreements clearly state that the donors have the right to substitute other organizations as beneficiaries. Since these CRUTs do not meet criteria for revenue recognition under FASB ASC 958, they are not reflected as contributions in the statements of activities until the funds are distributed.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2020	2019
Land	\$ 634,486	\$ 634,486
Land Improvements	173,232	173,232
Buildings and Improvements	23,998,318	23,961,689
Furniture and Fixtures	604,434	474,749
	25,410,470	25,244,156
Less: Accumulated Depreciation	(14,472,330)	(13,889,324)
Property and Equipment - Net	\$ 10,938,140	\$ 11,354,832

NOTE 9: LOAN RECEIVABLE

In February 2016, the Federation entered into a loan agreement with Albert Einstein Academy. The terms of the agreement include a maturity date of June 2023 and an effective interest rate commensurate with the interest assessed to the Federation on certain bank debt due by the Federation. The outstanding balance was \$210,000 as of June 30, 2020 and 2019.

NOTE 10: LOAN PAYABLE

The loan payable consists of a working capital line of credit of \$2,000,000 bearing interest at the 30-day LIBOR plus 175 basis points (1.91% and 4.19% as of June 30, 2020 and 2019, respectively). The loan requires interest only payments monthly with balance due in full at maturity. During the year ended June 30, 2019, the maturity date was extended from March 2019 to March 2021. The loan is secured by a first mortgage on the property at 101 Garden of Eden Road, all assets of the Federation, and assignment of rents and leases. The outstanding balance was \$816,594 and \$923,719 as of June 30, 2020 and 2019, respectively.

As of June 30, 2020, future maturities were as follows:

2021	\$ 816,594
------	------------

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of amounts restricted by donors for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to Endowment Spending Policy and Appropriations		
Barry and Reiko Kayne Legacy Fund	\$ 101,117	\$ 104,490
Bella and Hyman Karol Legacy Fund	9,257	5,182
Bucholtz Trust	563,340	569,866
Cohen Fine Art Fund	171,070	183,815
Community Leadership Institute	197,818	196,192
Delaware Jewish Community Agencies	1,023,774	1,039,063
Educational Loans	68,176	66,959
Eldercare	10,858	10,980
Facilities Maintenance	2,378,266	2,428,798
General Israel Orphan	1,459	1,433
Hillel at University of Delaware	129,843	124,424
Holocaust Education - Endowment	385,030	369,714
Israel Community	36,100	36,505
Jerusalem Study Fund	34,836	34,214
Jewish Adult Education	34,859	35,147
Jewish War Veterans Fund	21,244	20,865
Kutz Home Fund	56,063	54,706
Leadership Development	205,808	206,066
Lipstein Fund	12,280	12,417
Multiple Designations and JFD Funds	99,956	91,669
LOJE and PACE Funds	1,205,859	1,151,357
Richard A. Levine Legacy Fund	159,747	111,296
Scholarships	964,083	969,700
Science Study Fund	6,688	7,072
Temple Beth El Legacy Fund	41,164	12,691
Teen Philanthropy Fund	9,470	9,804
Wolfson Garden of Righteous	20,131	19,315
Women of Valor Fund	5,800	5,696
	<u>7,954,096</u>	<u>7,879,436</u>
Subject to Endowment Spending Policy and Appropriations		

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

	2020	2019
Subject to Expenditure for Specified Purpose		
Purpose Restricted for Program Initiatives		
Holocaust Education - Committee	\$ 28,280	\$ 32,410
Parkwood for Leadership	4,377	1,327
Purpose Restricted for Program Initiatives	32,657	33,737
Total Donor Restricted Net Assets	\$ 7,986,753	\$ 7,913,173

Net assets with donor restrictions include endowment funds subject to spending policy and appropriation (Note 16) with cumulative endowment gifts of \$4,200,300 and \$4,175,300 as of June 30, 2020 and 2019, respectively.

NOTE 12: PENSION

The Federation provides retirement benefits to its employees through a defined contribution plan covering all employees, at least 21 years of age, who have completed at least one year of service and work a minimum of 1,000 hours per year. For the years ended June 30, 2020 and 2019, the Federation contributed 5% of the employees' gross salaries to the pension fund; employees may contribute additional amounts at their discretion. The Federation's contributions to the plan amounted to \$33,340 and \$26,961 for the years ended June 30, 2020 and 2019, respectively.

NOTE 13: CONCENTRATION OF CREDIT RISK

The Federation maintains cash balances at several local financial institutions. As of June 30, 2020 and 2019, the Federal Deposit Insurance Corporation (FDIC) insured deposit accounts up to \$250,000 per institution. At various times during the year, certain amounts may exceed the insured limits. Uninsured balances as of June 30, 2020 and 2019 were \$947,139 and \$933,899, respectively.

NOTE 14: COMMITMENTS

The Federation leases office equipment under operating leases which expire in various periods through February 2024.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 14: COMMITMENTS - CONTINUED

Future minimum rental payments under the operating lease are as follows for the years ending June 30:

2021	\$	10,128
2022		8,163
2023		2,268
2024		<u>1,323</u>
	\$	<u><u>21,882</u></u>

Total rental expense related to these operating leases was \$10,128 and \$9,372 for the years ended June 30, 2020 and 2019, respectively.

During June 2019, the Federation entered into a one-year lease agreement for an apartment unit located at Garden of Eden apartments. The lease required monthly payments of \$1,080 beginning July 1, 2019 and ending June 30, 2020. In May 2020, the lease was renewed for an additional one-year term. The lease requires monthly payments of \$1,105 beginning July 1, 2020 and ending June 30, 2021.

NOTE 15: AGENCY SPACE LEASES

As of January 1, 2017, the Federation entered into three-year operating leases with the Bernard & Ruth Siegel Jewish Community Center (JCC) of Wilmington, Jewish Family Services of Delaware, and Albert Einstein Academy (Agencies) for the Harry and Jeanette Weinberg Jewish Community Campus Building (Building) for a three-year term through December 31, 2019. In November 2019, the leases were renewed through December 31, 2022.

The Facilities Management Board (FMB) reviews the budget for repairs, maintenance, and utility costs for the upcoming year related to the Building. Rent is determined based upon the approved budget and the related Agencies' square foot usage. All rental payments are used for general building and utilities maintenance. If building expenses in any year exceed rental income for that year plus prior year residuals, if any, the excess will be recovered through increased rent in the subsequent year. If income exceeds expenses, surplus dollars will be returned to the lessee through rent reduction. Rental income totaled \$1,277,479 and \$1,233,963 for the years ended June 30, 2020 and 2019, respectively.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 15: AGENCY SPACE LEASES - CONTINUED

Future projected rental income to be received based on the most recent approved budget is as follows for the years ending June 30:

2021	\$ 1,296,360
2022	1,296,360
2023	<u>648,180</u>
	<u>\$ 3,240,900</u>

As of December 15, 2011, the Federation entered into a fifty-year ground lease with The Milton & Hattie Kutz Home, Inc. for \$10. The lease allows for four additional, separate, consecutive ten-year renewal periods.

NOTE 16: ENDOWMENT FUNDS

The Federation's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standards of prudence prescribed in UPMIFA. The donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Federation and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Federation, and (7) the investment policies of the Federation.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 16: ENDOWMENT FUNDS - CONTINUED

Endowment by net assets composition by type of fund for the years ended June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 7,954,096	\$ 7,954,096
Board-Designated Endowment Funds	7,191,543	-	7,191,543
Total	<u>\$ 7,191,543</u>	<u>\$ 7,954,096</u>	<u>\$ 15,145,639</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 7,879,436	\$ 7,879,436
Board-Designated Endowment Funds	7,439,347	-	7,439,347
Total	<u>\$ 7,439,347</u>	<u>\$ 7,879,436</u>	<u>\$ 15,318,783</u>

Change in endowment net assets for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2019	\$ 7,439,347	\$ 7,879,436	\$ 15,318,783
Investment Return			
Interest and Dividend Income	209,106	232,054	441,160
Investment Fees	(53,287)	-	(53,287)
Net Appreciation - Realized and Unrealized	16,814	70,798	87,612
Total Investment Return	<u>172,633</u>	<u>302,852</u>	<u>475,485</u>
Contributions	<u>1,221,189</u>	<u>179,717</u>	<u>1,400,906</u>
Appropriation of Endowment Assets for Expenditure	<u>(1,865,116)</u>	<u>(281,056)</u>	<u>(2,146,172)</u>
Fee Income	<u>223,490</u>	<u>(126,853)</u>	<u>96,637</u>
Endowment Net Assets - June 30, 2020	<u>\$ 7,191,543</u>	<u>\$ 7,954,096</u>	<u>\$ 15,145,639</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 16: ENDOWMENT FUNDS - CONTINUED

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2018	\$ 7,252,329	\$ 7,522,356	\$ 14,774,685
Investment Return			
Interest and Dividend Income	267,288	291,924	559,212
Investment Fees	(50,000)	-	(50,000)
Net Appreciation - Realized and Unrealized	147,310	153,515	300,825
Total Investment Return	364,598	445,439	810,037
Contributions	1,027,030	328,472	1,355,502
Appropriation of Endowment Assets for Expenditure	(1,408,610)	(295,736)	(1,704,346)
Fee Income	204,000	(121,095)	82,905
Endowment Net Assets - June 30, 2019	\$ 7,439,347	\$ 7,879,436	\$ 15,318,783

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Federation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets without donor restrictions. There were no deficiencies in funds as of June 30, 2020 and 2019.

Investment Return Objectives and Risk Parameters - The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity or for a donor-specified period(s), as well as 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 price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Federation expects its endowment funds, over time, to provide an average rate of return that is sufficient to offset normal inflation plus the spending policy. Actual returns in any given year may vary from this amount.

Investment Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the 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 Federation targets a diversified

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 16: ENDOWMENT FUNDS - CONTINUED

Investment Strategies Employed for Achieving Objectives - Continued - asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - Unless otherwise specified in an endowment fund's agreement, the Federation has a policy of appropriating for distribution each year an amount based on a percentage of its endowment fund's average fair value over the prior 12 quarters' rolling average in which the distribution is planned. The approved distribution percentage for the years ended June 30, 2020 and 2019 was 3%. In establishing this policy, the Federation considers the long-term expected return on its endowment, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The spending policy is reviewed regularly by the Board of Directors to allow its endowment funds to grow annually while maintaining the purchasing power of the endowment assets as well as to provide additional growth through new gifts and investment return.

NOTE 17: RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no changes to prior year total net assets or changes in net assets.



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Additional Information

To the Board of Directors
Jewish Federation of Delaware, Inc.

We have audited the financial statements of Jewish Federation of Delaware, Inc. as of and for the years ended June 30, 2020 and 2019, and our report thereon dated November 23, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of allocations, supplemental statements of financial position of the Jewish Fund for the Future, and supplemental statements of activities of the Jewish Fund for the Future, as of and for the years ended June 30, 2020 and 2019, are presented for purposes of additional analysis and are not required parts of the 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 financial statements. The information, except for the information marked "unaudited" on the schedules of allocations, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Belfint, Lyons & Shuman, P.A.

November 23, 2020
Wilmington, Delaware

JEWISH FEDERATION OF DELAWARE, INC.
SCHEDULES OF ALLOCATIONS
JUNE 30, 2020 AND 2019

	2020	2019
ACCRUED ALLOCATIONS PAYABLE		
<u>NATIONAL AGENCIES</u>		
Jewish Council for Public Affairs (JCPA)	\$ 1,000	\$ 1,000
Jewish Communal Services Association (JPRO)	500	500
<u>OVERSEAS AGENCIES</u>		
Jewish Federations of North America and Other Overseas Initiatives	509,600	539,129
Birthright Israel	15,021	18,776
<u>LOCAL ALLOCATIONS</u>		
Albert Einstein Academy	124,500	124,500
Siegel Jewish Community Center	215,000	210,000
Hillel Center at University of Delaware	89,000	89,000
Jewish Family Services of Delaware	100,000	76,500
Jewish Historical Society	2,000	1,272
Southern Delaware Community	2,000	3,000
Seaside Jewish Community	4,000	4,000
Chabad at the University of Delaware	6,000	5,000
Milton and Hattie Kutz Home, Inc.	80,000	45,000
Burial Fund	5,000	-
B'nai B'rith Youth Organization	7,500	7,500
	1,161,121	1,125,177
COMMITTED ALLOCATIONS NOT ACCRUED {b}		
<u>OVERSEAS AGENCIES</u>		
Jewish Federations of North America - Mission and Programming	5,000	12,500
<u>LOCAL ALLOCATIONS</u>		
Community Outreach	220,334	175,061
Board Jewish Education and Identity Initiatives {a}	12,500	12,500
	237,834	200,061
	TOTAL COMMITTED ALLOCATIONS NOT ACCRUED {b}	200,061
TOTAL ALLOCATIONS	\$ 1,398,955	\$ 1,325,238

{a} Fiscal year 2020 and 2019, Board Jewish Education and Identity Initiatives were not allocated to specific agencies and, therefore, were not included as liabilities in the statements of financial position.

{b} Committed Allocations Not Accrued did not meet the criteria to be recognized as a cost and liability in the corresponding financial statements. As a result, Committed Allocations Not Accrued were not subject to the auditing procedures applied to the financial statements.

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 383,770	\$ 348,813
Investments at Fair Value		
Equity Securities	20,421,122	19,953,508
Fixed Income Securities	7,031,760	7,779,218
Israel Bonds	160,072	160,006
	27,612,954	27,892,732
Cash Surrender Value - Life Insurance	267,973	242,237
TOTAL ASSETS	\$ 28,264,697	\$ 28,483,782

LIABILITIES AND NET ASSETS

LIABILITIES	\$ -	\$ -
TOTAL LIABILITIES	-	-
NET ASSETS		
Jewish Federation of Delaware, Inc.	15,145,639	15,318,783
Others	13,119,058	13,164,999
TOTAL NET ASSETS	28,264,697	28,483,782
TOTAL LIABILITIES AND NET ASSETS	\$ 28,264,697	\$ 28,483,782

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Funds Managed For</u>		
	<u>Total</u>	<u>Jewish Federation of Delaware, Inc.</u>	<u>Other</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions/Grant Revenue	\$ 1,426,884	\$ 1,400,906	\$ 25,978
Fee Income	96,637	96,637	-
Interest	463,244	248,316	214,928
Dividends	362,301	192,844	169,457
Investment Fees	(53,287)	(53,287)	-
Realized Gain	80,417	43,859	36,558
Unrealized Gain	120,644	43,753	76,891
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>2,496,840</u>	<u>1,973,028</u>	<u>523,812</u>
EXPENSES			
Grant and Other Program Disbursements	2,368,369	1,895,253	473,116
Salaries	184,454	184,454	-
Employee Benefits and Payroll Taxes	33,984	33,984	-
Fee Expense	96,637	-	96,637
Professional Fees	15,229	15,229	-
Marketing and Promotion	6,460	6,460	-
Office Expenses	10,171	10,171	-
Meetings and Travel	621	621	-
TOTAL EXPENSES	<u>2,715,925</u>	<u>2,146,172</u>	<u>569,753</u>
CHANGE IN NET ASSETS	(219,085)	(173,144)	(45,941)
NET ASSETS - Beginning of Year	<u>28,483,782</u>	<u>15,318,783</u>	<u>13,164,999</u>
NET ASSETS - End of Year	<u><u>\$ 28,264,697</u></u>	<u><u>\$ 15,145,639</u></u>	<u><u>\$ 13,119,058</u></u>

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	<u>Funds Managed For</u>		
	<u>Total</u>	<u>Jewish Federation of Delaware, Inc.</u>	<u>Other</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions/Grant Revenue	\$ 3,012,287	\$ 1,355,502	\$ 1,656,785
Fee Income	82,905	82,905	-
Interest	198,546	111,450	87,096
Dividends	799,327	447,762	351,565
Investment Fees	(50,000)	(50,000)	-
Realized Gain	509,025	283,403	225,622
Unrealized Gain	29,725	17,422	12,303
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>4,581,815</u>	<u>2,248,444</u>	<u>2,333,371</u>
EXPENSES			
Grant and Other Program Disbursements	2,006,153	1,552,176	453,977
Salaries	99,693	99,693	-
Employee Benefits and Payroll Taxes	14,490	14,490	-
Fee Expense	82,905	-	82,905
Professional Fees	18,700	18,700	-
Marketing and Promotion	8,400	8,400	-
Office Expenses	10,698	10,698	-
Meetings and Travel	189	189	-
TOTAL EXPENSES	<u>2,241,228</u>	<u>1,704,346</u>	<u>536,882</u>
CHANGE IN NET ASSETS	2,340,587	544,098	1,796,489
NET ASSETS - Beginning of Year	<u>26,143,195</u>	<u>14,774,685</u>	<u>11,368,510</u>
NET ASSETS - End of Year	<u>\$ 28,483,782</u>	<u>\$ 15,318,783</u>	<u>\$ 13,164,999</u>