



Jewish Federation

OF SAN DIEGO COUNTY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1 - 2
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FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Federation of San Diego County
San Diego, California

We have audited the accompanying financial statements of Jewish Federation of San Diego County (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditor's 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of San Diego County as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lindsay & Brownell, LLP

Lindsay & Brownell, LLP

La Jolla, California
December 27, 2021

JEWISH FEDERATION OF SAN DIEGO COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 142,625	\$ 100,012
Restricted cash	73,194	62,169
Investments	4,926,604	5,081,142
Pledges receivable, net	1,551,090	1,636,084
Current portion of note receivable	-	16,548
Other current assets	122,560	125,741
Prepaid expenses	30,001	80,406
Total Current Assets	6,846,074	7,102,102
Noncurrent Assets		
Beneficial interest in assets held by others	14,981,779	11,870,757
Fixed assets, net	84,915	103,253
Total Noncurrent Assets	15,066,694	11,974,010
Total Assets	\$ 21,912,768	\$ 19,076,112
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 426,181	\$ 378,729
Current portion of loan payable	-	113,663
Grants payable		
Jewish Federations of North America - U.S.	361,336	75,900
Jewish Federations of North America - Israel	1,292,741	2,053,410
Jewish Federations of North America - Overseas	227,500	10,000
Local initiatives	553,179	1,067,569
Total grants payable, net	2,434,756	3,206,879
Total Current Liabilities	2,860,937	3,699,271
Loan Payable, Less Current Portion	-	276,037
Total Liabilities	2,860,937	3,975,308
Net Assets		
Without donor restrictions	3,842,735	3,065,168
With donor restrictions	15,209,096	12,035,636
Total Net Assets	19,051,831	15,100,804
Total Liabilities and Net Assets	\$ 21,912,768	\$ 19,076,112

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and pledges	\$ 5,049,634	\$ 296,430	\$ 5,346,064
Less: Reserve for uncollectible pledges plus recovery of prior year reserve, net	(177,396)	-	(177,396)
Campaign Revenue, Net	4,872,238	296,430	5,168,668
Program revenue	220,284	-	220,284
Interest on note receivable	50	-	50
Gain on extinguishment of debt	389,700	-	389,700
Unrealized gain on beneficial interest in assets held by others	-	3,514,121	3,514,121
Transfer to Endowment	(254,028)	254,028	-
Net assets released from restrictions	891,188	(891,188)	-
Total Revenue and Support	6,119,432	3,173,391	9,292,823
Net Investment Income			
Interest and dividends	37,619	102	37,721
Net realized gain (loss) on investments	36,597	(14)	36,583
Net unrealized gain (loss) on investments	534,291	(2)	534,289
Investment expenses	(5,005)	(17)	(5,022)
Net Investment Income	603,502	69	603,571
Total Revenue, Support, and Net Investment Income	6,722,934	3,173,460	9,896,394
Grants and Expenses			
Grants			
Local initiatives	1,111,443	-	1,111,443
Designated gifts	656,291	-	656,291
Jewish Federations of North America - Israel	509,794	-	509,794
Jewish Federations of North America - U.S.	361,336	-	361,336
Jewish Federations of North America - Overseas	227,500	-	227,500
Total Grants	2,866,364	-	2,866,364
Program Operations	2,370,918	-	2,370,918
Supporting Services			
Management and general	252,728	-	252,728
Fundraising	455,357	-	455,357
Total Supporting Services	708,085	-	708,085
Total Grants and Expenses	5,945,367	-	5,945,367
Change in Net Assets	777,567	3,173,460	3,951,027
Net Assets, Beginning	3,065,168	12,035,636	15,100,804
Net Assets, Ending	\$ 3,842,735	\$ 15,209,096	\$ 19,051,831

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and pledges	\$ 5,765,132	\$ 7,801	\$ 5,772,933
Less: Reserve for uncollectible pledges plus recovery of prior year reserve, net	(94,221)	-	(94,221)
Campaign Revenue, Net	5,670,911	7,801	5,678,712
Program revenue	295,013	-	295,013
Interest on note receivable	295	-	295
Unrealized loss on beneficial interest in assets held by others	-	(104,002)	(104,002)
Transfer to Endowment	(700,477)	700,477	-
Net assets released from restrictions	669,897	(669,897)	-
Total Revenue (Loss) and Support	5,935,639	(65,621)	5,870,018
Net Investment Income			
Interest and dividends	67,964	943	68,907
Net realized gain on investments	16,439	15	16,454
Net unrealized loss on investments	(29,788)	(16)	(29,804)
Investment expenses	(4,369)	(46)	(4,415)
Net Investment Income	50,246	896	51,142
Total Revenue (Loss), Support and Net Investment Income	5,985,885	(64,725)	5,921,160
Grants and Expenses			
Grants			
Local initiatives	1,419,824	-	1,419,824
Jewish Federations of North America - Israel	526,108	-	526,108
Designated gifts	418,351	-	418,351
Jewish Federations of North America - Overseas	270,000	-	270,000
Jewish Federations of North America - U.S.	153,000	-	153,000
Total Grants	2,787,283	-	2,787,283
Program Operations	2,626,049	-	2,626,049
Supporting Services			
Management and general	255,148	-	255,148
Fundraising	595,030	-	595,030
Total Supporting Services	850,178	-	850,178
Total Grants and Expenses	6,263,510	-	6,263,510
Change in Net Assets	(277,625)	(64,725)	(342,350)
Net Assets, Beginning	3,342,793	12,100,361	15,443,154
Net Assets, Ending	\$ 3,065,168	\$ 12,035,636	\$ 15,100,804

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020

	2021			
	Program Operations	Management and General	Fundraising	Total
Expenses				
Contributions and grants	\$ 2,866,363	\$ -	\$ -	\$ 2,866,363
Salaries and benefits	1,720,455	178,443	323,398	2,222,296
Facilities and equipment	250,088	21,861	47,010	318,959
Professional fees	231,049	48,554	37,894	317,497
Other operating costs	68,931	3,343	45,729	118,003
Events	83,209	-	-	83,209
Travel and meetings	17,187	527	1,326	19,040
Total Expenses	\$ 5,237,282	\$ 252,728	\$ 455,357	\$ 5,945,367

	2020			
	Program Operations	Management and General	Fundraising	Total
Expenses				
Contributions and grants	\$ 2,787,283	\$ -	\$ -	\$ 2,787,283
Salaries and benefits	1,594,357	173,262	409,362	2,176,981
Professional fees	284,274	50,441	68,940	403,655
Facilities and equipment	261,724	24,495	68,895	355,114
Events	266,479	-	-	266,479
Travel and meetings	142,335	3,510	3,580	149,425
Other operating costs	76,880	3,440	44,253	124,573
Total Expenses	\$ 5,413,332	\$ 255,148	\$ 595,030	\$ 6,263,510

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 3,951,027	\$ (342,350)
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Depreciation	46,628	43,317
Gain on extinguishment of debt	(389,700)	-
Net realized gain on investments	(36,583)	(16,454)
Net unrealized (gain) loss on investments	(534,289)	29,804
Net unrealized (gain) loss on beneficial interest in assets held by others	(3,514,121)	104,002
Decrease in:		
Pledges receivable, net	84,994	536,302
Note receivable	16,548	21,610
Other current assets	3,181	197,480
Prepaid expenses	50,405	2,765
Increase (decrease) in:		
Accounts payable and accrued expenses	47,452	(223,289)
Grants payable Jewish Federations of North America - U.S.	285,436	-
Grants payable to Jewish Federations of North America - Israel	(760,669)	155,453
Grants payable to Jewish Federations of North America - Overseas	217,500	(33,000)
Grants payable to local initiatives	(514,390)	374,569
Net Cash Flows (Used in) Provided by Operating Activities	(1,046,581)	850,209
Cash Flows from Investing Activities		
Purchases of investments	(1,859,055)	(2,654,267)
Proceeds from sales of investments	2,584,465	1,261,634
Contributions under beneficial interest in assets held by others	(254,028)	(700,477)
Distributions from beneficial interest in assets held by others	657,127	604,490
Purchases of property and equipment	(28,290)	(31,831)
Net Cash Flows Provided by (Used in) Investing Activities	1,100,219	(1,520,451)
Cash Flows from Financing Activities		
Borrowings on loan payable	-	389,700
Net Cash Flows Provided by Financing Activities	-	389,700
Net Change in Cash and Restricted Cash	53,638	(280,542)
Cash and Restricted Cash		
Beginning	162,181	442,723
Ending	\$ 215,819	\$ 162,181
Supplemental Disclosure of Non-Cash Financing Activities		
Extinguishment of debt	\$ (389,700)	\$ -

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Nature of Activities

Organization: Jewish Federation of San Diego County (“Federation”) is a California not-for-profit organization formed in 1936 and is one of 146 Jewish Federations in North America. Supported by thousands of generous donors and volunteers, Federation is dedicated to building a vibrant, caring, connected, and enduring Jewish community.

Federation broadens and deepens engagement in Jewish life to strengthen Jewish identity, foster dynamic connections with Israel, and care for all Jews in need. Federation carries out this mission by mobilizing resources, leaders, and organizations to address the community’s most critical needs, creating profound impact locally, in Israel, and around the world.

Guided by Jewish values and quest to be the “Most Welcoming Jewish Community in North America,” Federation focuses on these priority areas:

- **Responding to Jewish poverty in San Diego:** Working with partner agencies to identify the factors contributing to poverty and the resources to mitigate it, develop and pilot a centralized network of organizations to support families and individuals experiencing poverty, with a special emphasis on seniors and Holocaust Survivors, particularly during emergencies and crises.
- **Fostering global people-to-people relationships:** Providing an opportunity for every Jewish high school student participate in one immersive travel experience while in high school, organizing community exchanges for residents and executive leaders from San Diego Jewish organizations and residents and executive leaders in Sha’ar HaNegev, engaging teenagers from San Diego, Sha’ar HaNegev, St. Petersburg, and Sofia in an exploration of individual Jewish identity, local Jewish community, and global Jewish peoplehood, and providing ongoing support for global partners Jewish Agency for Israel and American Jewish Joint Distribution Committee.
- **Ensuring an enduring Jewish community:** Supporting grants and convenings that allow organizations to increase security and training, and providing networking and leadership training opportunities for hundreds of professionals who work for Jewish organizations.

In addition to these priority areas, Federation responds to antisemitism, counters anti-Israel activism, speaks up on behalf of the Jewish people, and works to make sure the broader community is safe and united in rejecting antisemitism.

Note 2. Summary of Significant Accounting Policies and Other Information

Accounting Principles: Federation’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Adopted Accounting Pronouncements: Federation has implemented all applicable accounting pronouncements within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) that are in effect as of June 30, 2021 and 2020.

Federation does not believe there are any new Accounting Standards Updates issued by the FASB that might have a material impact on its financial position or results of activities.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Fair Value of Financial Instruments: Federation's financial instruments consist principally of cash, restricted cash, investments, pledges receivable, note receivable, other current assets, beneficial interest in assets held by others, accounts payable and accrued expenses, loan payable, and grants payable. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable.

Restricted Cash: Restricted cash on the statements of financial position represents cash received with donor-imposed restrictions for Federation programs. The restrictions will lapse when cash is expended on Federation programs.

Investments: Federation maintains its investments at the Jewish Community Foundation ("JCF") in investment pools. Federation reports its investments in these pools at fair value based on the underlying assets as reported by the fund manager. Investment income, including realized and unrealized gains and losses from these investment pools, are reported in the statements of activities.

Pledges Receivable: Pledges receivable represent a donor's promise to give to Federation and are reported at the amount Federation expects to collect from outstanding balances. Management determines the reserve for uncollectible pledges by specific identification of delinquent accounts, history of collections, past write-offs, and estimated uncollectible balances. Pledges receivable are written off when deemed uncollectible. The balance at year-end reflects pledges due from donors and is expected to be fully collected within one year. In accordance with FASB ASC 950-605-45-5, *Other Presentations Matters – Contributions Received*, pledges receivable are considered to be without donor restrictions as Federation's donors have specified that their pledges are to be used to support activities of the 2021 and 2020 campaign years or years ended June 30, 2021 or 2020, respectively. Pledges without donor restrictions that are expected to be collected in future years are recorded at the net present value of estimated future cash receipts. Pledges receivable are discounted using a risk adjusted rate of return. Conditional pledges are not reported as income until the conditions are substantially met. Pledges receivable are stated net of a reserve for uncollectible pledges of \$186,844 and \$120,113 as of June 30, 2021 and 2020, respectively.

Beneficial Interest in Assets Held by Others: FASB ASC 958, *Not-for-Profit Entities*, requires a specified beneficiary to recognize its right to the assets held by a recipient entity as an asset unless the recipient entity has variance power. Federation is named as the sole beneficiary of an endowment fund held at the JCF. Federation reports this fund as a beneficial interest in assets held by others in the statements of financial position. Annual fair value remeasurements to the beneficial interest are reported as increases or decreases in the statements of financial position and as a change in value of beneficial interests within contribution income in the statements of activities (see Note 5).

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Fixed Assets and Depreciation: Federation capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, Federation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Federation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

<u>Description</u>	<u>Useful Life</u>
Leasehold improvements	5-15 years or the lease term
Computer hardware and software	3-10 years
Office furniture and equipment	3-5 years

Maintenance and repairs are charged to expense as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resulting gains or losses are then recorded in the statements of activities.

Loans Payable: Loans payable are recorded in the financial statements on the date the loan is signed and contractual obligation exists. If applicable, accrued interest payable is recorded in the financial statements according to the terms of the agreement.

Grants Payable: Federation provides grants to partner agencies to support and strengthen Jewish life locally and globally. All grants are approved by the Board of Directors ("Board"). Grant expenditures are recognized in the period in which the grant is approved and communicated, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and grants payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the net present value of expected future payments discounted using a risk adjusted rate at each grant date for a commensurate period. At June 30, 2021, \$2,284,756 and \$150,000 of the grants payable balance is expected to be paid during 2022 and 2023, respectively. Of the \$3,206,879 of grants payable balance at June 30, 2020, \$1,956,879 was paid during 2021.

Compensated Absences: Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$111,171 and \$111,147 at June 30, 2021 and 2020, respectively, and is included in accounts payable and accrued expenses in the statements of financial position.

Net Assets: Federation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Federation. These net assets may be used at the discretion of Federation's management and the Board.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Net Assets (Continued): Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Federation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021 and 2020, Federation had net assets with donor restrictions of \$15,209,096 and \$12,035,636, respectively.

FASB has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds.

The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds (see Note 13).

Contributions: Contributions are recognized when the donor makes a promise to give to Federation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at a risk-adjusted rate. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Investments acquired by gift are recorded at fair value on the date of gift. Realized and unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The reserve for uncollectible pledges receivable is recognized on the allowance method based on historical experience and management's evaluation of outstanding pledges receivable. The reserve for uncollectible pledges receivable and recoveries and provisions for uncollectible pledges consisted of the following as of and for the years ended June 30:

	2021	2020
Reserve at Beginning of Year	\$ 120,113	\$ 68,777
Provision/net recovery for uncollectible pledges:		
Provision for current year receivables	177,396	94,221
Total provision	177,396	94,221
Less: Write-offs of receivables against allowance	(110,665)	(42,885)
Reserve at End of Year	\$ 186,844	\$ 120,113

Bad debt expense recorded in the statements of activities for the years ended June 30, 2021 and 2020 was \$177,396 and \$94,221, respectively.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Donated Services and Office Facilities: Federation utilized the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2021 and 2020 did not meet the requirements above, therefore no amounts were recognized in the financial statements.

Functional Expense Allocation: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of management. The expenses that are allocated and their method of allocation include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Contributions and grants	Use of expense
Salaries and benefits	Time and effort
Facilities and equipment	Time and effort
Professional fees	Time and effort and use of expense
Other operating costs	Use of expense
Events	Use of expense
Travel and meetings	Use of expense

Income Taxes: Federation is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code except for taxes on net unrelated business income. Since Federation has no obligation for unrelated business income tax for the years ended June 30, 2021 and 2020, no provisions for federal or state income taxes have been made.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, Federation evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more likely than not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at June 30, 2021 and 2020. There have been no related tax penalties or interest, which would be classified as tax expense in the statements of activities.

Risks and Uncertainties: Federation invests in various types of investment pools which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment pools, it is at least reasonably possible that changes in the values of the investment pools will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

In March 2020, the World Health Organization declared COVID-19 a pandemic. Given the ongoing and dynamic nature of the virus and the worldwide response related thereto, it is difficult to predict the full impact of COVID-19 on Federation's operations. Management is continuing to evaluate the potential disruptions of COVID-19 to areas of the business including employees, vendors, and Federation's overall financial position.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Concentrations of Credit Risk: Federation maintains its cash balance at one financial institution which is secured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. All cash balances as of June 30, 2021 and 2020, respectively, were insured by the FDIC. Federation has not experienced any losses in this account and does not believe it is exposed to any significant credit risk on its cash deposit account.

Evaluation of Subsequent Events: Federation has evaluated subsequent events through the date these financial statements were available to be issued. With the exception of the matter discussed in Note 17, there were no material subsequent events that required recognition or disclosure in the financial statements.

Note 3. Availability and Liquidity of Financial Assets

The following represents Federation’s financial assets at June 30:

	2021	2020
Financial assets at year-end:		
Cash	\$ 215,819	\$ 162,181
Investments	4,926,604	5,081,142
Pledges receivable, net	1,551,090	1,636,084
Note receivable	-	16,548
Other current assets	122,560	125,741
Beneficial interest in assets held by others	14,981,779	11,870,757
Total Financial Assets	21,797,852	18,892,453
Less: Amounts not available to be used within one year		
Cash with donor restrictions	(73,194)	(62,169)
Beneficial interest in assets held by others	(14,981,779)	(11,870,757)
Investments with donor restrictions	(154,123)	(102,710)
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ 6,588,756	\$ 6,856,817

As part of Federation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At the Board’s discretion, distributions may be made from the Quasi-Endowment to help manage unanticipated liquidity needs, but it is Federation’s intent to retain the Quasi-Endowment (see Note 13). Federation maintains cash and investments without donor restrictions which account for 22.43% and 26.62% of total assets for the years ended June 30, 2021 and 2020, respectively, to help manage unanticipated liquidity needs. Receivables are subject to implied time restrictions but are expected to be collected within one year.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 4. Analysis of Investments

Federation maintains its investments at the JCF. The funds held at the JCF are invested in investment pools. The Short-Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government, and other cash equivalents. The Endowment Pool invests in domestic and international equities, fixed income, real assets, and alternative investments consisting of commodities and hedge funds of funds. The Real Property consists of burial plots donated to Federation. Investments consist of the following at June 30:

	2021	2020
Endowment Pool	\$ 2,431,977	\$ 2,064,996
Short-Term Pool	2,375,734	2,927,427
Real Property	118,893	88,719
Total Investments	\$ 4,926,604	\$ 5,081,142

Statements of Financial Position Classifications at June 30:

	2021	2020
Unrestricted Foundations Fund	\$ 2,431,977	\$ 2,064,996
Indigent Burial Fund	154,123	102,710
Operating Fund	2,340,504	2,913,436
Total Investments	\$ 4,926,604	\$ 5,081,142

Note 5. Beneficial Interest in Assets Held by Others

In 2017, the Board elected to create a permanent endowment fund, a separate legal entity named The Endowment for Federation ("Endowment") to be held at the JCF whereby Federation is the sole beneficiary. The Endowment does not meet the requirements of consolidation under U.S. GAAP, rather upon transfer of funds, Federation recorded a beneficial interest in assets held by others ("Beneficial Interest") for their interest in this Endowment. Federation transferred funds in the amount of \$254,028 and \$700,477 during the years ended June 30, 2021 and 2020, respectively. Federation received distributions from the Beneficial Interest totaling \$657,127 and \$604,490 for the years ended June 30, 2021 and 2020, respectively.

In accordance with U.S. GAAP, Federation remeasures fair value of the Beneficial Interest annually and records the change in fair value within total revenue and support in the statements of activities. Unrealized gain (loss) on the change in fair value of the Beneficial Interest was \$3,514,121 and \$(104,002) resulting in ending values of \$14,981,779 and \$11,870,757 at June 30, 2021 and 2020, respectively.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The provisions of FASB ASC 820 establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that observable inputs be used when available.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.

Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Federation's statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments held at JCF in investment pools are considered Level 2 and Level 3 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, JCF.
- Beneficial interest in assets held by others is valued at the fair value of the underlying assets and classified within Level 3 as there is no active or inactive market for this type of asset.
- Pledges receivable are valued at the net present value of expected future cash inflows which approximates fair value and are classified within Level 3 as there is no market for these assets.
- Grants payable are valued at the net present value of expected future cash outflows which approximates fair value and are classified within Level 3 as there is no market for these liabilities.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following is a summary of Federation’s assets and liabilities measured at fair value within the fair value hierarchy as of June 30, 2021:

Assets at Fair Value as of June 30, 2021

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2021
Investments				
Endowment Pool				
Unrestricted Foundations Fund	\$ -	\$ -	\$ 2,431,977	\$ 2,431,977
Total Endowment Pool	-	-	2,431,977	2,431,977
Short-Term Pool				
Operating Fund	-	2,340,504	-	2,340,504
Indigent Burial Fund	-	-	35,230	35,230
Total Short-Term Pool	-	2,340,504	35,230	2,375,734
Real Estate				
Indigent Burial Fund	-	-	118,893	118,893
Total Real Estate	-	-	118,893	118,893
Total Investments	-	2,340,504	2,586,100	4,926,604
Beneficial Interest in Assets Held by Others	-	-	14,981,779	14,981,779
Pledges Receivable, Net	-	-	1,551,090	1,551,090
Total	\$ -	\$ 2,340,504	\$ 19,118,969	\$ 21,459,473

Liabilities at Fair Value as of June 30, 2021

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2021
Grants Payable	\$ -	\$ -	\$ 2,434,756	\$ 2,434,756

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following tables summarize the changes in Federation's Level 3 assets and liabilities for the year ended June 30, 2021:

Level 3 Assets for the Year Ended June 30, 2021

Description	Endowment Pool	Short-Term Pool	Real Estate	Beneficial Interest in Assets Held by Others	Pledges Receivable, Net	Balance as of June 30, 2021
Beginning Balance, July 1, 2020	\$ 2,064,996	\$ 13,991	\$ 88,719	\$ 11,870,757	\$ 1,636,084	\$ 15,674,547
Realized and unrealized gains (losses)	592,981	24,534	(24,464)	3,514,121	-	4,107,172
Purchases and contributions	-	-	68,160	254,028	4,993,057	5,315,245
Sales, distributions, and collections	(226,000)	(3,295)	(13,522)	(657,127)	(5,078,051)	(5,977,995)
Net change in discount	-	-	-	-	-	-
Transfers in (out) of Level 3	-	-	-	-	-	-
Ending Balance, June 30, 2021	\$ 2,431,977	\$ 35,230	\$ 118,893	\$ 14,981,779	\$ 1,551,090	\$ 19,118,969

Level 3 Liabilities for the Year Ended June 30, 2021

Description	Grants Payable as of June 30, 2021
Beginning Balance, July 1, 2020	\$ 3,206,879
Grants awarded	1,184,756
Grants paid	(1,956,879)
Transfers in (out) of Level 3	-
Ending Balance, June 30, 2021	\$ 2,434,756

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following is a summary of Federation's assets and liabilities measured at fair value within the fair value hierarchy as of June 30, 2020:

Assets at Fair Value as of June 30, 2020

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2020
Investments				
Endowment Pool				
Unrestricted Foundations Fund	\$ -	\$ -	\$ 2,064,996	\$ 2,064,996
Total Endowment Pool	-	-	2,064,996	2,064,996
Short-Term Pool				
Operating Fund	-	2,913,436	-	2,913,436
Indigent Burial Fund	-	-	13,991	13,991
Total Short-Term Pool	-	2,913,436	13,991	2,927,427
Real Estate				
Indigent Burial Fund	-	-	88,719	88,719
Total Real Estate	-	-	88,719	88,719
Total Investments	-	2,913,436	2,167,706	5,081,142
Beneficial Interest in Assets Held by Others	-	-	11,870,757	11,870,757
Pledges Receivable, Net	-	-	1,636,084	1,636,084
Total	\$ -	\$ 2,913,436	\$ 15,674,547	\$ 18,587,983

Liabilities at Fair Value as of June 30, 2020

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of June 30, 2020
Grants Payable	\$ -	\$ -	\$ 3,206,879	\$ 3,206,879
	-	-	3,206,879	3,206,879

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following tables summarize the changes in Federation's Level 3 assets and liabilities for the year ended June 30, 2020:

Level 3 Assets for the Year Ended June 30, 2020

Description	Endowment Pool	Short-Term Pool	Real Estate	Beneficial Interest in Assets Held by Others	Pledges Receivable, Net	Balance as of June 30, 2020
Beginning Balance, July 1, 2019	\$ 2,259,798	\$ 54,424	\$ 49,637	\$ 11,878,772	\$ 2,172,386	\$ 16,415,017
Realized and unrealized gains (losses)	15,198	(38,433)	39,328	(104,002)	-	(87,909)
Purchases and contributions	441,588	-	7,801	700,477	4,118,532	5,268,398
Sales, distributions, and collections	(651,588)	(2,000)	(8,047)	(604,490)	(4,654,834)	(5,920,959)
Net change in discount	-	-	-	-	-	-
Transfers in (out) of Level 3	-	-	-	-	-	-
Ending Balance, June 30, 2020	\$ 2,064,996	\$ 13,991	\$ 88,719	\$ 11,870,757	\$ 1,636,084	\$ 15,674,547

Level 3 Liabilities for the Year Ended June 30, 2020

	Grants Payable as of June 30, 2020
Beginning Balance, July 1, 2019	\$ 2,709,857
Grants awarded	1,374,448
Grants paid	(877,426)
Transfers in (out) of Level 3	-
Ending Balance, June 30, 2020	\$ 3,206,879

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 7. Pledges Receivable, Net

Pledges receivable are valued at the net present value of expected future cash inflows which approximates fair value. In accordance with FASB ASC 820, *Fair Value Measurement*, pledges receivable due for payment in less than one year are considered short term and not discounted for present value purposes. All pledges receivable were due for payment within one fiscal year after June 30, 2021 and 2020.

Pledges receivable, net of allowance for doubtful accounts, consist of the following at June 30:

Description	2021	2020
Receivables due in less than one year	\$ 1,737,934	\$ 1,756,197
Less: Reserve for uncollectible pledges	(186,844)	(120,113)
Pledges Receivable, Net	\$ 1,551,090	\$ 1,636,084

As of June 30, 2020, Federation had a conditional pledge of up to \$3,092,041 from a major donor to co-fund a multi-faceted Jewish Teen Initiative in San Diego County. The pledge is conditioned upon Federation raising 1-to-1 matching from other sources over a five-year period (July 2015 to June 2020). During October 2020, the 1-to-1 matching period was extended through June 2021. During 2021 and 2020, Federation raised \$266,564 and \$376,034, respectively, and the balance was matched under this conditional pledge. The matching funds are recorded as contributions in the statements of activities with no outstanding receivable at June 30, 2021 and 2020. The balance remaining under this conditional pledge as of June 30, 2021 is \$891,590.

Note 8. Note Receivable

Federation issued a seven-year promissory note for \$147,000 in January 2014 to a related party, UJF Holdings Corp. (“UJF”), for the purpose of completing tenant improvements in the office space occupied by Federation and other Jewish community tenants.

	2021	2020
Promissory note with UJF dated January 1, 2014. Interest payments due in quarterly installments at 1.20% per annum beginning January 1, 2014, matures December 1, 2020. UJF to pay thirty-two payments of \$5,476 each at quarterly intervals on the first day of each quarter beginning April 1, 2014. Payments are applied to principal and interest. The promissory note was paid in full.	\$ -	\$ 16,548
Less: Current Portion	-	(16,548)
Note Receivable, Less Current Portion	\$ -	\$ -

Interest income of \$50 and \$295 was recognized during the years ended June 30, 2021 and 2020, respectively.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 9. Fixed Assets, Net

Fixed assets, net of accumulated depreciation, consist of the following at June 30:

Description	2021	2020
Leasehold improvements	\$ 359,618	\$ 359,618
Computer hardware and software	289,359	261,069
Office furniture and equipment	158,456	158,456
Subtotal	807,433	779,143
Less: Accumulated Depreciation	(722,518)	(675,890)
Total Fixed Assets, Net	\$ 84,915	\$ 103,253

Depreciation expense was \$46,628 and \$43,317 for the years ended June 30, 2021 and 2020, respectively.

Note 10. Loan Payable

During May 2020, Federation received loan proceeds in the amount of \$389,700 under the Small Business Administration Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 8 weeks, or 24 weeks if the alternative covered period is chosen, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 8 week or 24 week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Federation used the proceeds for purposes consistent with the PPP guidelines. No principal payment was made, and no interest expense was accrued, for the years ended June 30, 2021 and 2020.

On December 7, 2020, Federation received a notice from Western Alliance Bank, indicating that the PPP loan and accrued interest was forgiven in full. As a result of this event, Federation reclassified the original loan amount from loan payable to gain on extinguishment of debt as of June 30, 2021.

Note 11. Grants Payable

Federation raised funds as part of the 2014 Israel Emergency Relief Campaign and the remaining balance of the funds raised is shown as grants payable in the amount of \$950,000 and \$1,907,500 as of June 30, 2021 and 2020, respectively. Federation intends to make distributions from these funds to support the construction of the Sha’ar HaNegev Sport and Cultural Center. No discount is made on these grants as the time of distribution is uncertain.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12. Net Assets

Net assets without donor restrictions at June 30 are as follows:

	2021	2020
Board Restricted - Quasi-Endowment	\$ 2,431,977	\$ 2,064,996
Undesignated	1,410,758	1,000,172
Total Net Assets without Donor Restrictions	\$ 3,842,735	\$ 3,065,168

Net assets with donor restrictions at June 30 are as follows:

	2021	2020
Beneficial interest in assets held by others	\$ 14,981,779	\$ 11,870,757
Cash restricted for Federation programs	73,194	62,169
Burial fund	154,123	102,710
Total Net Assets with Donor Restrictions	\$ 15,209,096	\$ 12,035,636

Net assets released from net assets with donor restrictions at June 30 are as follows:

	2021	2020
Beneficial interest in assets held by others	\$ 657,127	\$ 604,490
Cash restricted for Federation programs	217,244	55,360
Burial fund	16,817	10,047
Total Net Assets Released from Donor Restrictions	\$ 891,188	\$ 669,897

Note 13. Endowment Net Assets

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Federation's endowment consists of an individual fund with such restrictions.

Federation has interpreted the enacted version of the 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, Federation classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, (3) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time of the accumulation is added to the fund.

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

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

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 13. Endowment Net Assets (Continued)

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires Federation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in net assets without donor restrictions. There were no deficiencies of this nature identified as of June 30, 2021 and 2020.

Federation has adopted investment and spending policies for endowment funds that:

1. Protect the invested asset,
2. Preserve spending capacity of the fund income,
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level, and
4. Comply with applicable laws.

Federation's endowment funds are invested at JCF in the Endowment Pool which is structured for long-term total return.

Federation has a policy of appropriating for distribution each year an amount up to 7% of the fair value of the twelve-quarter rolling average of the assets associated with the endowment as of the quarter prior to the year end. In establishing this policy, Federation considered the long-term expected return on its endowment. Over the long-term, Federation expects the current spending policy to allow the endowment to meet the needs of Federation. This is consistent with Federation's objectives to balance purchasing power of the endowment assets held in perpetuity, provide additional growth through new gifts and investments returns, as well as provide a funding source for investment in Federation programs and services. No distributions were made for the years ended June 30, 2021 and 2020.

In 1998, Federation's Board voted to earmark a portion of net assets without donor restrictions as a Board Restricted – Quasi-Endowment. The earmarked funds are to be invested with earnings available for unrestricted use by Federation.

The Board can elect to end its restriction on these assets and remove the assets from the Quasi-Endowment at any time it chooses. The Board performs an annual analysis of its designated assets in comparison to the assets available for designation to determine if restrictions should be amended.

In 2021, the Board released \$226,000 from the Board Restricted Quasi-Endowment to operations and transferred \$0 for additional funding of the Endowment. In 2020, the Board released \$651,558 from the Board Restricted Quasi-Endowment to operations, and \$441,558 for additional funding of the Endowment.

Endowment composition by type of fund as of June 30:

	2021	2020
Board Restricted - Quasi-Endowment	\$ 2,431,977	\$ 2,064,996
Total Endowment Net Assets	\$ 2,431,977	\$ 2,064,996

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 13. Endowment Net Assets (Continued)

Changes in endowment net assets at June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at June 30, 2019	\$ 2,259,798	\$ -	\$ 2,259,798
Investment Return			
Interest and dividends	30,572	-	30,572
Net realized and unrealized gains	(13,059)	-	(13,059)
Investment expenses	(2,315)	-	(2,315)
Total Net Investment Income	15,198	-	15,198
Transfers			
Board designated transfers	(651,588)	-	(651,588)
Transfer to endowment	441,588	-	441,588
Appropriation of endowment net assets	-	-	-
Endowment Net Assets at June 30, 2020	\$ 2,064,996	\$ -	\$ 2,064,996
Investment Return			
Interest and dividends	21,903	-	21,903
Net realized and unrealized gains	573,545	-	573,545
Investment expenses	(2,467)	-	(2,467)
Total Net Investment Income	592,981	-	592,981
Transfers			
Board designated transfers	(226,000)	-	(226,000)
Transfer to endowment	-	-	-
Appropriation of endowment net assets	-	-	-
Endowment Net Assets at June 30, 2021	\$ 2,431,977	\$ -	\$ 2,431,977

Federation has a beneficial interest in certain endowment funds held by JCF, in which Federation has recorded this asset in the accompanying financial statements as Federation maintains variance power over these funds. JCF's spending policy is to disburse 5% annually, based upon endowment principal market value. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received. The distributions are used to further Federation's mission. Federation received distributions of \$657,127, of which \$607,127 was related to fund Federation operations and \$50,000 was distributed to partner agencies, and \$604,490, of which \$548,688 was released to fund Federation operations and \$55,802 was distributed to partner agencies, from these funds for the years ended June 30, 2021 and 2020, respectively. The fair value of the beneficial interest in these funds at the JCF totaled \$14,981,779 and \$11,870,757 at June 30, 2021 and 2020, respectively.

JEWISH FEDERATION OF SAN DIEGO COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 14. Retirement Plan

Federation provides a 403(b) Thrift Plan (the "Plan"), which is administered by Mutual of America. The Plan covers substantially all of Federation's full-time employees. Federation made contributions to the Plan for eligible employees equal to the lesser of 50% of the participant's contributions during the Plan year or 2.5% of the participants' eligible compensation. Federation's contributions to the Plan totaled \$77,972 and \$42,738 for the years ended June 30, 2021 and 2020, respectively. Federation incurred no administrative expenses on this Plan in 2021 and 2020.

Note 15. Analysis of Operating Lease

Federation leases its office facilities from UJF, a related party, and is in the ninth year of a ten-year lease with options for four additional five-year terms. Federation paid rent to UJF totaling \$126,996 for both 2021 and 2020, utilizing a co-operative cost sharing model for all building tenants for each of the years ended June 30, 2021 and 2020 (see Note 16).

Future minimum payments under the non-cancelable operating lease as of June 30, 2021 are as follows:

Years ending June 30:		
2022	\$	132,127
Thereafter		-
Total	\$	132,127

Note 16. Related Party Transactions

Two officers of Federation serve as officers of UJF. Federation provides support services to UJF and pays UJF for rent. Federation charged UJF support services fees of \$84,826 and \$83,004 for the years ended June 30, 2021 and 2020, respectively. Additionally, Federation paid rent to UJF in the amount of \$126,996 for the years ended June 30, 2021 and 2020. Amounts due to and due from UJF as of June 30, 2021 and 2020 amounted to \$103,425 and \$107,464, respectively (see Note 8 and Note 15).

Note 17. Subsequent Event

Federation has been engaged in negotiation with Jewish Federations of North America ("JFNA"), Federation's national partnership organization, as it relates to amounts due under the annual Fair Share Dues contributions for fiscal years 2017-2019. On December 10, 2021, an agreement was reached that reduced the amount billed by JFNA in the amount of \$354,012 by 50%, resulting in the recording of a grant payable in the amount of \$177,006, to be repaid over three years with the initial payment due in the fiscal year ended June 30, 2022.