Jewish Federation Council
of Greater Los Angeles

Financial Statements
For the Year Ended December 31, 2020
(With Summarized Financial Information
For the Year Ended December 31, 2019)
Independent Auditor's Report

To the Board of Directors
Jewish Federation Council of Greater Los Angeles

We have audited the accompanying financial statements of Jewish Federation Council of Greater Los Angeles, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Council of Greater Los Angeles as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Jewish Federation Council of Greater Los Angeles' 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Los Angeles, California
July 6, 2021
Jewish Federation Council of Greater Los Angeles  
Statements of Financial Position  
December 31, 2020  
(With Summarized Financial Information For the Year Ended December 31, 2019)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$36,434,000</td>
<td>$24,445,000</td>
</tr>
<tr>
<td>Investments (Note 4)</td>
<td>98,242,000</td>
<td>94,616,000</td>
</tr>
<tr>
<td>Pledges receivable, net (Note 5)</td>
<td>8,960,000</td>
<td>11,642,000</td>
</tr>
<tr>
<td>Notes and other receivables, net (Note 6)</td>
<td>1,002,000</td>
<td>987,000</td>
</tr>
<tr>
<td>Other assets (Note 7)</td>
<td>20,589,000</td>
<td>19,561,000</td>
</tr>
<tr>
<td>Land, buildings and equipment, net (Note 8)</td>
<td>19,934,000</td>
<td>14,387,000</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$185,161,000</strong></td>
<td><strong>$165,638,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$3,391,000</td>
<td>$2,921,000</td>
</tr>
<tr>
<td>Other liability (Note 7)</td>
<td>20,275,000</td>
<td>18,966,000</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,684,000</td>
<td>1,168,000</td>
</tr>
<tr>
<td>Insurance liabilities</td>
<td>1,182,000</td>
<td>895,000</td>
</tr>
<tr>
<td>Grants payable to Jewish Federations of North America</td>
<td>6,785,000</td>
<td>6,425,000</td>
</tr>
<tr>
<td>Grants payable to partner organizations</td>
<td>7,311,000</td>
<td>8,253,000</td>
</tr>
<tr>
<td>PPP loan (Note 9)</td>
<td>3,363,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>43,991,000</td>
<td>38,627,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments and contingencies</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>15,893,000</td>
<td>10,067,000</td>
</tr>
<tr>
<td>Reserves (Note 12)</td>
<td>84,406,000</td>
<td>81,953,000</td>
</tr>
<tr>
<td><strong>Total without donor restrictions</strong></td>
<td>100,299,000</td>
<td>92,020,000</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose/time restricted (Note 12)</td>
<td>35,158,000</td>
<td>28,578,000</td>
</tr>
<tr>
<td>Perpetually restricted (Note 12)</td>
<td>5,713,000</td>
<td>6,413,000</td>
</tr>
<tr>
<td><strong>Total with donor restrictions</strong></td>
<td>40,871,000</td>
<td>34,991,000</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>141,170,000</td>
<td>127,011,000</td>
</tr>
</tbody>
</table>

| **Total liabilities and net assets**        | **$185,161,000** | **$165,638,000** |

See Notes to the Financial Statements.
<table>
<thead>
<tr>
<th>Support and Revenue</th>
<th>2020 Without Donor Restrictions</th>
<th>2020 With Donor Restrictions</th>
<th>2020 Total</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges, net</td>
<td>$31,598,000</td>
<td>$15,268,000</td>
<td>$46,866,000</td>
<td>$44,698,000</td>
</tr>
<tr>
<td>Legacies, bequests, grants and other contributions</td>
<td>1,378,000</td>
<td>-</td>
<td>1,378,000</td>
<td>3,476,000</td>
</tr>
<tr>
<td>Amounts designated by donors for specific purposes</td>
<td>170,000</td>
<td>-</td>
<td>170,000</td>
<td>116,000</td>
</tr>
<tr>
<td>Total amounts raised</td>
<td>33,146,000</td>
<td>15,268,000</td>
<td>48,414,000</td>
<td>48,288,000</td>
</tr>
<tr>
<td>Less, amounts designated by donors</td>
<td>(170,000)</td>
<td>-</td>
<td>(170,000)</td>
<td>(116,000)</td>
</tr>
<tr>
<td>Total support</td>
<td>32,976,000</td>
<td>15,268,000</td>
<td>48,244,000</td>
<td>48,172,000</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees from program services</td>
<td>74,000</td>
<td>2,000</td>
<td>76,000</td>
<td>151,000</td>
</tr>
<tr>
<td>Dividends and interest</td>
<td>714,000</td>
<td>189,000</td>
<td>903,000</td>
<td>1,694,000</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>9,083,000</td>
<td>1,357,000</td>
<td>10,440,000</td>
<td>13,031,000</td>
</tr>
<tr>
<td>Other</td>
<td>158,000</td>
<td>23,000</td>
<td>181,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total revenue</td>
<td>10,029,000</td>
<td>1,571,000</td>
<td>11,600,000</td>
<td>14,976,000</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose</td>
<td>10,959,000</td>
<td>(10,959,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>53,964,000</td>
<td>5,880,000</td>
<td>59,844,000</td>
<td>63,148,000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>33,681,000</td>
<td>-</td>
<td>33,681,000</td>
<td>39,710,000</td>
</tr>
<tr>
<td>Fundraising</td>
<td>8,897,000</td>
<td>-</td>
<td>8,897,000</td>
<td>9,548,000</td>
</tr>
<tr>
<td>Management and general</td>
<td>3,107,000</td>
<td>-</td>
<td>3,107,000</td>
<td>3,217,000</td>
</tr>
<tr>
<td>Total expenses</td>
<td>45,685,000</td>
<td>-</td>
<td>45,685,000</td>
<td>52,475,000</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>8,279,000</td>
<td>5,880,000</td>
<td>14,159,000</td>
<td>10,673,000</td>
</tr>
</tbody>
</table>

Net assets:
- Beginning of year: $92,020,000
- End of year: $100,299,000

See Notes to the Financial Statements.
Jewish Federation Council of Greater Los Angeles  
Statements of Functional Expenses  
Year Ended December 31, 2020  
(With Summarized Financial Information For the Year Ended December 31, 2019)

<table>
<thead>
<tr>
<th>Programs, Allocations and Expense</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>Management and General</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 7,098,000</td>
<td>$ 5,696,000</td>
<td>$ 721,000</td>
<td>$13,515,000</td>
<td>$13,975,000</td>
</tr>
<tr>
<td>Employee health and retirement benefits</td>
<td>1,219,000</td>
<td>1,563,000</td>
<td>213,000</td>
<td>2,995,000</td>
<td>3,104,000</td>
</tr>
<tr>
<td>Payroll taxes and workers' compensation</td>
<td>543,000</td>
<td>458,000</td>
<td>38,000</td>
<td>1,039,000</td>
<td>1,131,000</td>
</tr>
<tr>
<td></td>
<td>8,860,000</td>
<td>7,717,000</td>
<td>972,000</td>
<td>17,549,000</td>
<td>18,210,000</td>
</tr>
<tr>
<td>Allocations to Jewish Federations of North America programs and support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>4,945,000</td>
<td>-</td>
<td>-</td>
<td>4,945,000</td>
<td>5,323,000</td>
</tr>
<tr>
<td>Other</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>2,986,000</td>
</tr>
<tr>
<td>Israel in crisis</td>
<td>150,000</td>
<td>-</td>
<td>-</td>
<td>150,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Allocations and grants to partner organizations</td>
<td>15,295,000</td>
<td>-</td>
<td>-</td>
<td>15,295,000</td>
<td>16,454,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>919,000</td>
<td>196,000</td>
<td>215,000</td>
<td>1,330,000</td>
<td>1,946,000</td>
</tr>
<tr>
<td>Temporary labor</td>
<td>362,000</td>
<td>1,000</td>
<td>128,000</td>
<td>491,000</td>
<td>138,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>17,000</td>
<td>26,000</td>
<td>160,000</td>
<td>203,000</td>
<td>227,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>101,000</td>
<td>50,000</td>
<td>351,000</td>
<td>502,000</td>
<td>384,000</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>3,000</td>
<td>14,000</td>
<td>5,000</td>
<td>22,000</td>
<td>118,000</td>
</tr>
<tr>
<td>Equipment repairs and maintenance</td>
<td>2,000</td>
<td>16,000</td>
<td>5,000</td>
<td>23,000</td>
<td>117,000</td>
</tr>
<tr>
<td>Printing, publications and public relations</td>
<td>452,000</td>
<td>140,000</td>
<td>3,000</td>
<td>595,000</td>
<td>715,000</td>
</tr>
<tr>
<td>Conference, meetings and travel</td>
<td>72,000</td>
<td>25,000</td>
<td>50,000</td>
<td>147,000</td>
<td>941,000</td>
</tr>
<tr>
<td>Special event expense</td>
<td>121,000</td>
<td>379,000</td>
<td>6,000</td>
<td>506,000</td>
<td>1,552,000</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>-</td>
<td>72,000</td>
<td>-</td>
<td>72,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Occupancy expense</td>
<td>423,000</td>
<td>147,000</td>
<td>447,000</td>
<td>1,017,000</td>
<td>1,457,000</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>946,000</td>
<td>105,000</td>
<td>384,000</td>
<td>1,435,000</td>
<td>1,409,000</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>13,000</td>
<td>9,000</td>
<td>381,000</td>
<td>403,000</td>
<td>465,000</td>
</tr>
<tr>
<td></td>
<td>$ 33,681,000</td>
<td>$ 8,897,000</td>
<td>$ 3,107,000</td>
<td>$45,685,000</td>
<td>$52,475,000</td>
</tr>
</tbody>
</table>

See Notes to the Financial Statements.
Jewish Federation Council of Greater Los Angeles  
Statements of Cash Flows  
Year Ended December 31, 2020  
(With Summarized Financial Information For the Year Ended December 31, 2019)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$14,159,000</td>
<td>$10,673,000</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,435,000</td>
<td>1,409,000</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>598,000</td>
<td>655,000</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>(10,440,000)</td>
<td>(13,031,000)</td>
</tr>
<tr>
<td>Reinvested interest and dividends from investments</td>
<td>(792,000)</td>
<td>(1,493,000)</td>
</tr>
<tr>
<td>Payment of pledges receivable with securities</td>
<td>(343,000)</td>
<td>(2,382,000)</td>
</tr>
<tr>
<td>Cash designated by donors for specific organizations</td>
<td>170,000</td>
<td>116,000</td>
</tr>
<tr>
<td>Cash disbursements designated by donors for specific organizations</td>
<td>(151,000)</td>
<td>(116,000)</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>2,427,000</td>
<td>1,267,000</td>
</tr>
<tr>
<td>Notes and other receivables</td>
<td>(15,000)</td>
<td>(388,000)</td>
</tr>
<tr>
<td>Other assets</td>
<td>282,000</td>
<td>314,000</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>451,000</td>
<td>(107,000)</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>516,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Insurance liabilities</td>
<td>287,000</td>
<td>(27,000)</td>
</tr>
<tr>
<td>Grants payable to Jewish Federations of North America</td>
<td>360,000</td>
<td>(9,000)</td>
</tr>
<tr>
<td>Grants payable to partner organizations</td>
<td>(942,000)</td>
<td>1,633,000</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>$8,022,000</td>
<td>(1,446,000)</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |          |          |
| Purchase of investments             | (763,000) | (1,621,000) |
| Proceeds from sales of investments  | 8,331,000 | 6,211,000  |
| Purchase of Israel bonds             | (27,000)  | (92,000)   |
| Proceeds from sales and maturities of Israel bonds | 66,000   | 100,000    |
| Construction and purchase of building and equipment | (6,983,000) | (3,378,000) |
| Net cash provided by investing activities | 624,000   | 1,220,000  |

| **Cash flows from financing activities** |          |          |
| Proceeds from PPP loan               | 3,363,000 | -         |
| Net cash provided by financing activities | 3,363,000 | -         |
| Net increase (decrease) in cash and cash equivalents | 11,989,000 | (226,000) |

| **Cash and cash equivalents** |          |          |
| Beginning of the year              | 24,445,000 | 24,671,000 |
| End of the year                    | $36,434,000 | $24,445,000 |

| **Supplemental disclosure of cash flow information** |          |          |
| Donated securities                  | $343,000  | $2,382,000 |
| Increase in other asset and other liability related to the Jim Joseph Foundation High School Affordability Initiative | $1,310,000 | $2,061,000 |

See Notes to the Financial Statements.
1. Organization and Operations

The Jewish Federation Council of Greater Los Angeles ("the Federation") serves to mobilize and integrate human, financial, and organizational resources within the Greater Los Angeles Jewish community, to foster a sense of common Jewish purpose, to strengthen institutions in order to enhance Jewish identity, to meet critical human needs in a Jewish context, to intensify bonds with the people of Israel and Jews worldwide and to implement the purposes set forth in its Articles of Incorporation. The Federation headquarters are located in Los Angeles, California with additional locations in Woodland Hills, California and Jerusalem, Israel.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements include the accounts of the Federation and do not include the accounts of the partner organizations, nor do they include the accounts of the Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles ("the Foundation"), of which the Federation is the sole member.

The financial statements of the Federation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies followed are described below.

Summarized Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. The notes do not contain complete prior year information. Accordingly, such information should be read in conjunction with the Federation’s financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Net Assets

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 the organization. These net assets may be used at the discretion of the Federation’s management and the Board of Directors.

Net assets with donor restrictions — Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the 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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Use of Estimates in the Preparation of Financial Statements
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 disclosures 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.
2. **Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**
Cash equivalents consist of highly liquid investments with original maturities of three months or less. The Federation classifies all cash and cash equivalents held as part of the investment portfolio as investments.

**Concentration of Risk**
The Federal Deposit Insurance Corporation ("FDIC") protects the first $250,000 of invested cash at certain financial institutions. As of December 31, 2020, the Federation’s cash and cash equivalents were approximately $35,436,000 in excess of FDIC insurance limits. Additionally, invested cash and cash equivalents were held in custody of financial institutions in excess of the FDIC insurance limits. The majority of these funds were in an interest-bearing sweep account at a bank. The Federation performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure. Concentrations of credit risk with respect to pledges receivable are limited as amounts are due from various individuals, foundations, and other organizations. Substantially all of the Federation’s investments are managed by the Foundation. At December 31, 2020, the fair value of the Federation’s investments managed by the Foundation was $98,105,000.

**Investments**
Investments are stated at fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as discussed in Note 4.

The Federation invests donor bequests in the Reserves, a Board-designated fund, which is invested with the Foundation. Additionally, certain endowments subject to donor-imposed restrictions, due to time or purpose or perpetual restrictions, are invested with the Foundation. Substantially all of the assets managed by the Foundation are invested in the Common Investment Pool ("CIP"). The CIP is invested in marketable securities and alternative investments to generate operating income and to preserve capital.

Interest and dividend income and realized and unrealized gains and losses on investments, “net of investment fees” are reported in the statement of activities and changes in net assets as increases or decreases to net assets without donor restrictions unless their use is restricted by donor stipulations or law.

The values assigned to investments are based upon available information as of the date of the statement of financial position and do not necessarily represent amounts which might ultimately be realized since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. These differences could be material.

**Land, Buildings and Equipment**
Land, buildings and equipment used in the operations of the Federation are stated at cost or at fair value at the date of donation, if donated. Buildings and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, generally 5 to 10 years for furniture, fixtures and equipment, 25 years for buildings, 15 years for building improvements, 3 years for computer hardware, and 5 years for computer software. Construction in progress is stated at cost and depreciation will commence when the assets are placed in service. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset. Upon disposition of assets, the cost and related accumulated depreciation is removed with the resulting gain or loss recognized in net assets without donor restrictions.
2. Summary of Significant Accounting Policies (continued)

Donated Assets
Substantially all of the Federation’s donated assets are contributed securities received in satisfaction of pledges receivable. The Federation sells all contributed securities, except for Israel bonds, as soon as possible. Prior to sale, contributed securities are valued at fair value based on quoted market prices. For the year ended December 31, 2020, securities contributed to the Federation totaled $343,000. As of December 31, 2020, $153,000 in contributed securities was reported in the statement of financial position in notes and other receivables.

Agency Transactions
The Federation receives contributions in certain transactions where it is acting as an intermediary for donors who choose to make contributions to other charitable entities, including partner organizations. For the year ended December 31, 2020, $170,000 was designated by donors for eligible organizations. As of December 31, 2020, $19,000 was outstanding and reported in the statement of financial position in accounts payable and accrued expenses.

Revenue Recognition
Contributions, including unconditional pledges, investment income, net realized and unrealized gains or losses, are recognized as support and revenues and are reported in the statement of activities and changes in net assets. Pledge revenues are recognized when the pledge is made. Unconditional pledges with payments due in future periods are reported as restricted contributions when the promises are received.

Contributions
Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as support without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2020, the Federation did not have any conditional contributions.

Union Agreement
Certain Federation employees are members of a union which is operating under a signed collective bargaining agreement effective through June 30, 2022.

Functional Expenses
Program expenses consist of costs incurred in connection with providing services and conducting programs in broad thematic areas including service to the needy, Jewish education, including education about Jewish issues and leadership development. The Federation works with partner organizations, the Jewish Federations of North America ("JFNA") and others in addition to providing services directly, to accomplish the delivery of program services. Program expenses include all directly charged expenses and an allocation of indirect management and general costs.
2. Summary of Significant Accounting Policies (continued)

Functional Expenses (Continued)
The Federation provides support in the form of personnel dedicated to providing program services, funding distributed directly to partner organizations, JFNA and other grantees, and other expenses in the course of providing program support. The allocation expense payable to JFNA and the partner organizations as reported on the statement of financial position includes the amount committed by the Board of Directors for distribution in the next year.

Fundraising expenses include direct development costs, salaries and related expenses of conducting campaigns and accounting for pledge transactions and payments, as well as an allocation of indirect management and general costs.

Management and general expenses include costs incurred in connection with the overall activities of the organization which are not specifically allocable to another functional expense category. The allocation of shared costs across functional categories is accomplished by applying allocation metrics such as building square footage, headcount, or revenues that correspond to related groupings of expenditures.

Occupancy Expense
Occupancy expense is presented net of rental revenue. For the year ended December 31, 2020, occupancy expenses in the amount of $2,488,000 exceeded revenue by $1,017,000 and is reported net in the statement of functional expenses as occupancy expense. As described in Note 14, certain partner organizations receive a subvention in satisfaction of the payment of rent.

Income Taxes
The Federation is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California Revenue and Taxation Code sections, respectively. Additionally, the Federation has determined that there are no uncertain tax positions that require reporting or disclosure in the financial statements for the year ended December 31, 2020.

The Federation’s federal and state income tax returns prior to 2017 and 2016, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Federation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with the related tax liability in the statement of financial position.
3. Availability and Liquidity

The following represents the Federation's financial assets at December 31, 2020:

Financial assets at year end:
- Cash and cash equivalents $36,434,000
- Pledges receivable 8,960,000
- Investments 98,242,000

143,636,000

Less amounts not available to be used within one year:
- Net assets with donor restrictions 40,871,000

Financial assets available to meet general expenditures over the next twelve months $102,765,000

The Federation's goal is generally to maintain financial assets to meet 60 – 90 days of operating expenses. In order to support operating needs, the Federation can request additional distributions from investments held in the Federation's Reserves, which requires the Board of Director's approval.

4. Investments

Investments as of December 31, 2020 comprised the following:

- State of Israel Bonds $137,000
- Foundation - Common Investment Pool 98,105,000

98,242,000

The Federation maintains a portfolio of investments for the purpose of furthering its mission over the long-term. Invested assets provide resources to meet short-range, mid-range and long-range goals of the organization. In addition, contributors who intend for interest, dividends, appreciation or principal to be used for unrestricted or restricted purposes of the Federation may direct that their donations be invested.

For the year ended December 31, 2020, investment fees of $124,000 are included with net realized and unrealized gains or losses on investments on the statement of activities and changes in net assets. Of the fees paid, all were paid to the Foundation.

Investments include Common Investment Pool and State of Israel Bonds held at the end of the year. State of Israel bonds are reported at fair value, including the consideration of the bonds’ face value, interest rate, maturity and risk. It is the practice of the Federation to redeem State of Israel bonds at maturity. Purchase and sales of securities are recorded on trade dates. There were no outstanding purchases or sales transactions at December 31, 2020.
4. Investments (continued)

Fair Value
The Federation reports investments and other assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A level is assigned within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are as follows:

Level 1 Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date. These investments include cash and cash equivalents, mutual funds, and common stock.

Level 2 Valuations are based on inputs, including broker quotes, in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies. These investments include State of Israel bonds.

Level 3 Valuations are based on inputs that are both significant to the fair value measurement and unobservable, as they trade infrequently and therefore have little or no price transparency. The inputs into the determination of fair value require significant management judgment or estimation, and typical investments for this category are privately held investments and partnership interests. These investments include the Foundation’s CIP.

In estimating fair value of the investments in Level 3, the Federation may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, the Federation evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments and overall credit rating.

The following table summarizes the valuation of the Federation's investments by the fair value hierarchy levels as of December 31, 2020:

<table>
<thead>
<tr>
<th></th>
<th>State of Israel Bonds</th>
<th>Common Investment Pool</th>
<th>Total Investment Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Level 2</td>
<td>137,000</td>
<td>-</td>
<td>137,000</td>
</tr>
<tr>
<td>Level 3</td>
<td>-</td>
<td>98,105,000</td>
<td>98,105,000</td>
</tr>
<tr>
<td></td>
<td><strong>$ 137,000</strong></td>
<td><strong>$ 98,105,000</strong></td>
<td><strong>$ 98,242,000</strong></td>
</tr>
</tbody>
</table>
4. **Investments (continued)**

**Fair Value (continued)**
Realized and unrealized gains included in earnings, attributable to Level 3 investments were $10,440,000 for the year ended December 31, 2020.

The fair value of alternative investments is determined using the best information available, which typically consists of prices received from external managers or other pricing sources, and requires significant management judgment or estimation. Various alternative investments have quarterly or monthly redemptions, respectively, with 60 days’ notice.

**Common Investment Pool**
The CIP is not traded on any public market, and accordingly, there are no observable inputs to the determination of its fair value. For this reason, the CIP is characterized by the Federation as a Level 3 investment. The fair value of the investment in CIP is based on the Federation’s proportionate share in the underlying asset balance of the CIP. Generally, the Foundation permits investment in and withdrawal from CIP on a quarterly basis.

However, the CIP is a pooled fund with a large portfolio of investments and a portion of the Federation’s investment in the fund is illiquid due to the restrictions on specified investments within the fund. The Federation has no additional commitment to invest in the CIP. Additional information related to the composition of the CIP is provided by the management of the Foundation.

As of December 31, 2020, the composition of the CIP was as follows:

**Selected Financial Information – Unaudited**
- Cash and Cash Equivalents: 1.7%
- Fixed Income: 31.0%
- US Equity: 36.7%
- Global Equity: 2.3%
- Global ex-US Equity: 17.0%
- Emerging Markets: 6.6%
- Marketable Alternative Investments: 2.6%
- Non-marketable Alternative Assets: 2.1%

5. **Pledges Receivable**

The Federation solicits contributions for the annual and other campaigns. The adjustment to report pledges receivable at fair value includes an estimate for uncollectible pledges receivable of $848,000. At December 31, 2020, the Federation applied treasury corporate discount rates ranging between 3.00% to 4.22% on the day the pledges were received for the annual campaign receivables and approximately 8% for the premier philanthropy campaigns to reduce the value of pledges receivable by $42,000 to its estimated net present value.
5. **Pledges Receivable (continued)**

<table>
<thead>
<tr>
<th></th>
<th>Annual</th>
<th>Other Campaigns</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in 2021</td>
<td>$ 6,018,000</td>
<td>$ 675,000</td>
<td>$ 6,693,000</td>
</tr>
<tr>
<td>Due in 2022 - 2023</td>
<td>1,634,000</td>
<td>1,523,000</td>
<td>3,157,000</td>
</tr>
<tr>
<td></td>
<td>7,652,000</td>
<td>2,198,000</td>
<td>9,850,000</td>
</tr>
</tbody>
</table>

Less:
- Discount for pledges receivable: (20,000) ($22,000) = (42,000)
- Allowance for doubtful accounts: (848,000)

Total pledges receivable, net: $6,784,000 $2,176,000 = $8,960,000

6. **Notes and Other Receivables**

Partner organizations, related parties and other community organizations receive support from the Federation. Included with the notes and other receivables are the following balances due from partner organizations and others in the Jewish community at December 31, 2020:

- Receivables from partner organizations, net: $784,000
- Receivables due from brokerage: 153,000
- Notes and receivables due from others, net: 65,000

Total notes and other receivables, net: $1,002,000

Certain exceptionally long outstanding loans have been fully reserved by the Federation. Long-term receivables due from partner organizations are reported net of reserves in the amount of $60,000.

7. **Other Assets and Other Liability**

The Federation partnered with the Foundation, Bureau of Jewish Education (“BJE”), and five BJE-affiliated Jewish High Schools (“High Schools”) participating in the Jim Joseph Foundation High School Affordability Initiative (“HSAI”) in an effort to stabilize and incrementally increase the enrollment of students from middle-income families attending these High Schools. The initiative will also assist the High Schools in raising endowment dollars which will build ongoing capacity to support Jewish high school education. The Federation acts as intermediary between the BJE and the Foundation by transferring funds received by BJE from the High Schools for investing in the Common Investment Pool managed by the Foundation. The High Schools’ $20,275,000 contribution and related liability were reported in other assets and other liability, respectively, as of December 31, 2020. Other assets comprised of the following:

- Jim Joseph Foundation HSAI: $20,275,000
- Other assets: 314,000

Total other assets: $20,589,000
8. Land, Buildings and Equipment

Land, buildings and equipment as of December 31, 2020 comprised the following:

- **Land** $2,464,000
- **Buildings and improvements** 29,037,000
- **Automobiles** 75,000
- **Furniture, fixtures and equipment** 3,680,000
- **Computer hardware and software** 2,007,000
- **Fixed assets in progress** 10,843,000

**Total** 48,106,000

Less: Accumulated depreciation and amortization (28,172,000)

**Land, buildings and equipment, net** $19,934,000

Fully depreciated assets still in use by the Federation were $6,794,000 as of December 31, 2020.

Depreciation and amortization expense for the year ended December 31, 2020 was $1,435,000.

9. PPP Loan

On April 22, 2020, the Federation entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of approximately $3,363,000 pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The loan has a two-year maturity and includes a fixed interest rate of 1% per year until the maturity date. The PPP Loan promissory note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Federation.

Under the CARES Act, PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. While the Federation believes it met the SBA’s criteria in 2020, it did not submit its application for PPP Loan forgiveness as of December 31, 2020. Subsequent to year end the Federation received forgiveness of the entire PPP Loan from the bank (See Note 16).

10. Retirement Benefit Plans

The Federation is the plan administrator of the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles, plan number 001 (the "DB Plan"), which is a multi-employer pension plan and covers its employees and those of certain partner organizations registered under the Employer Identification Number 95-1643388. Effective January 1, 2006, under the amended terms of the DB Plan, the DB Plan was closed to new enrollment. The DB Plan is made up of two components: a defined benefit component and an employee contribution component.

Substantially all the benefit eligible employees of the Federation and the partner organizations hired before January 1, 2006 are participants in the defined benefit component. The DB Plan is subject to a collective bargaining agreement which expires on June 30, 2022. Eligible participants in the defined benefit component may make voluntary contributions to the defined benefit component on an after-tax basis. All participants are currently fully vested after five years in the defined benefit plan.
10. Retirement Benefit Plans (continued)

During 2004, the Federation established a new defined contribution plan (the “DC Plan”) for employees hired on or after January 1, 2006. The DC Plan provides for the Federation to make a contribution based on 5% of eligible compensation for participants who have served more than one year of eligible service. Participants are fully vested in the DC Plan after three years.

For the year ended December 31, 2020, the Federation contributed $1,434,000 to the DB Plan and $423,000 to the DC Plan.

The DB Plan (unaudited)
The calculated benefits, obligations and funded status of the DB Plan are based on an actuarial determination using census data for eligible participants as of January 1, 2020 for the year ended December 31, 2020 and other assumptions as described in the tables below.

Effective September 1, 1989, the benefit payments are calculated based on the participant’s years of service since September 30, 1966 times 1.5% of their average monthly earnings. Average monthly earnings are defined as the participant’s highest consecutive five years’ pay. Eligible participants prior to September 1, 1989 are subject to a separate benefit formula as defined in the DB Plan.

In 2008, the Pension Protection Act created classifications for assessing the financial health of pension plans on a spectrum that requires endangered or critical (worse) plans take steps to improve the financial health of the plan within a specified time period. Because the DB Plan’s funding ratio is greater than 80%, the plan is considered to be in the “green zone” for 2020 and 2021.

The DB Plan’s projected benefit obligation is $241,001,000 as of December 31, 2020. The DB Plan’s accumulated benefit obligation, as calculated in accordance with specific guidance applicable to sponsors of multi-employer pension, is $234,314,000. The DB Plan is underfunded in the amount of $111,044,000 as of December 31, 2020. The DB Plan’s net periodic benefit cost is $8,719,000. The following tables further describe changes in the benefit obligation, changes in the plan assets and the components of the net periodic benefit cost.

Effective January 1, 2017, to adjust to the declining wages of eligible participants as they terminate or retire within the closed plan, the Federation and local agencies contribute based on a new allocation policy.

For the year ending December 31, 2020, the Federation and the partner organizations expect to contribute $5,378,000 to the DB Plan.
10. Retirement Benefit Plans (continued)

The following table sets forth the DB Plan's funded status as a whole as of December 31, 2020:

**Changes in benefit obligation**  
Benefit obligation at beginning of year $218,986,000  
Service cost 2,397,000  
Interest cost 7,007,000  
Actuarial loss 23,562,000  
Benefits paid (9,791,000)  
Administrative expenses paid (1,160,000)  
Benefit obligation at end of year 241,001,000

**Changes in plan assets**  
Fair value of plan assets at beginning of year 122,327,000  
Actual return on plan assets 13,236,000  
Employer contribution 5,345,000  
Benefits paid (9,791,000)  
Administrative expense paid (1,160,000)  
Fair value of plan assets at end of year 129,957,000  
Funded status $(111,044,000)

Components of net periodic benefit cost for the DB Plan as a whole, for the year ended December 31, 2020, comprised the following:

**Components of net periodic benefit cost**  
Service cost $2,397,000  
Interest cost 7,007,000  
Expected return on plan assets (9,336,000)  
Recognized net actuarial loss 8,651,000  
Net periodic benefit cost $8,719,000

Weighted-average assumptions used to determine benefit obligations for the DB Plan as of December 31, 2020, are the following:

**Assumptions**  
Discount rate 3.25%  
Rate of compensation increase 3.00%  
Expected return on plan assets 8.00%
10. Retirement Benefit Plans (continued)

The year end asset allocation, which approximates the weighted-average allocation for the DB Plan assets as of December 31, 2020, by asset category is as follows:

**Asset allocation**

- Global equities: 4%
- Small and mid domestic equities: 39%
- Fixed income and cash: 40%
- Alternative investments: 17%

The table below indicates the target percentages for each of the major asset categories, which serve as guidelines for the DB Plan:

**Targets for major asset categories**

- Global equities: 22%
- Small and mid domestic equities: 28%
- Fixed income and cash: 40%
- Alternative investments: 10%

The portfolio is evaluated annually, or when the actual allocation percentages are plus or minus 5% of the stated target allocation percentages. Changes in policy may be indicated as a result of changing market conditions or anticipated changes in the DB Plan’s needs. Prohibited transactions include investment transactions prohibited by the Employee Retirement Income Security Act of 1974 and speculative investments including commodities or unregistered stock without specific prior approval by the Board of Directors.

The DB Plan’s estimated future benefit payments for the years ending December 31 are as follows:

**Estimated future benefit payments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$11,843,000</td>
</tr>
<tr>
<td>2022</td>
<td>12,051,000</td>
</tr>
<tr>
<td>2023</td>
<td>12,286,000</td>
</tr>
<tr>
<td>2024</td>
<td>12,413,000</td>
</tr>
<tr>
<td>2025</td>
<td>12,496,000</td>
</tr>
<tr>
<td>2026 through 2029</td>
<td>61,977,000</td>
</tr>
</tbody>
</table>

The future benefit payments were estimated using the same assumptions to measure the DB Plan’s benefit obligation at the end of the year and include estimated future employee service.
10. Retirement Benefit Plans (continued)

Fair Value DB Plan Assets (unaudited)
As described in Note 4, the Federation uses a hierarchy to report invested assets, including the invested assets of the DB Plan. As described below, the DB Plan holds an investment in an insurance contract that is properly reported at contract value. The insurance certificates under this contract are issued for participants who have retired prior to April 1, 1998. The certificates require the funds be invested in a portfolio managed by the insurance company. The alternative investments are private equity investments valued based on Net Asset Value.

The alternative investments may be liquidated without significant restriction and the DB Plan has no commitment for additional investments in the alternative investments.

The following table summarizes the valuation of the DB Plan’s investments by the fair value hierarchy levels as of December 31, 2020:

<table>
<thead>
<tr>
<th>Cash and Cash and</th>
<th>Common Stock and Mutual Funds</th>
<th>Bonds</th>
<th>Alternative Investments</th>
<th>Insurance Contracts</th>
<th>Total Invested Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>$ 19,066,000</td>
<td>$ 86,532,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Level 2</td>
<td>-</td>
<td>-</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Level 3</td>
<td>-</td>
<td>-</td>
<td>$ 21,862,000</td>
<td>$ -</td>
<td>$ 21,862,000</td>
</tr>
<tr>
<td>Fair Value</td>
<td>19,066,000</td>
<td>86,532,000</td>
<td>$ -</td>
<td>$ 21,862,000</td>
<td>$ 2,497,000</td>
</tr>
<tr>
<td>Contract Value</td>
<td>-</td>
<td>-</td>
<td>$ -</td>
<td>$ 2,497,000</td>
<td>$ 2,497,000</td>
</tr>
<tr>
<td></td>
<td>$ 19,066,000</td>
<td>$ 86,532,000</td>
<td>$ -</td>
<td>$ 21,862,000</td>
<td>$ 2,497,000</td>
</tr>
</tbody>
</table>

The following table summarizes the changes in the fair value and contract value of the DB Plan’s assets for the year ended December 31, 2020:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Insurance Contracts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2019</td>
<td>$ 95,610,000</td>
<td>$ -</td>
<td>$ 21,220,000</td>
<td>$ 5,515,000</td>
</tr>
<tr>
<td>Dividends and interest</td>
<td>1,539,000</td>
<td>-</td>
<td>144,000</td>
<td>114,000</td>
</tr>
<tr>
<td>Realized and unrealized gains, net</td>
<td>5,208,000</td>
<td>-</td>
<td>2,986,000</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>5,345,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments and distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,806,000)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(538,000)</td>
<td>-</td>
<td>(60,000)</td>
<td>(226,000)</td>
</tr>
<tr>
<td>Transfer in</td>
<td>18,621,000</td>
<td>-</td>
<td>5,536,000</td>
<td>6,900,000</td>
</tr>
<tr>
<td>Transfer out</td>
<td>(24,151,000)</td>
<td>-</td>
<td>(4,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Balance December 31, 2020</td>
<td>$ 101,634,000</td>
<td>$ -</td>
<td>$ 25,826,000</td>
<td>$ 2,497,000</td>
</tr>
</tbody>
</table>

11. Operating Leases

The Federation entered into a 10-year gross standard lease for its Valley location effective July 2012. The non-cancelable lease expires in 2022. The following is a schedule of future minimal lease payments under the terms of the lease:

<table>
<thead>
<tr>
<th>Years ending December 31,</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 243,000</td>
<td>134,000</td>
</tr>
</tbody>
</table>

Total future payments $377,000

Rent expense for the year ended December 31, 2020 totaled $260,000.
12. Net Assets

Net assets with donor restrictions by purpose are available as follows at December 31, 2020:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premier philanthropy</td>
<td>$ 3,017,000</td>
</tr>
<tr>
<td>Education programs</td>
<td>10,310,000</td>
</tr>
<tr>
<td>Community service</td>
<td>1,442,000</td>
</tr>
<tr>
<td>Israel programs</td>
<td>413,000</td>
</tr>
<tr>
<td>Caring for Jews in Need</td>
<td>2,897,000</td>
</tr>
<tr>
<td>Leadership</td>
<td>2,961,000</td>
</tr>
<tr>
<td>Camping</td>
<td>2,208,000</td>
</tr>
<tr>
<td>Israel Levin Center</td>
<td>9,560,000</td>
</tr>
<tr>
<td>Other</td>
<td>2,350,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 35,158,000</strong></td>
</tr>
</tbody>
</table>

Net assets with donor restrictions by purpose or time at December 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for purpose</td>
<td>$ 34,062,000</td>
</tr>
<tr>
<td>Restricted for purpose, due after 2021</td>
<td>1,096,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 35,158,000</strong></td>
</tr>
</tbody>
</table>

Net assets released from donor restrictions during the year ended December 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational use</td>
<td>$ 4,473,000</td>
</tr>
<tr>
<td>Allocations and education</td>
<td>6,486,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,959,000</strong></td>
</tr>
</tbody>
</table>
12. **Net Assets (continued)**

Perpetually restricted net assets must be invested to generate income to support the following purposes at December 31, 2020:

- Building operations fund: $2,500,000
- Education programs: $2,213,000
- Briskin Summer Camps Endowment: $1,000,000

**Total:** $5,713,000

During the year ended December 31, 2020, the Federation redesignated $700,000 of perpetually restricted funds to the Foundation (see Note 13).

Net assets without donor restrictions represent undesignated net assets that are available for current use and assets invested in land, building and equipment. The Jewish Federation/United Jewish Reserve Fund is a Board-designated fund invested with the Foundation, that with Board approval, can be used for additional spending. At December 31, 2020, net assets without donor restrictions was as follows:

- Undesignated: $15,893,000
- Jewish Federation/United Jewish Fund (UJF) Reserve Fund: $84,406,000

**Total:** $100,299,000

13. **Endowment and Reserves**

The Federation maintains a portfolio of investments for the purpose of furthering its mission over the long-term. The portfolio is composed of unrestricted gifts and bequests, and as such is reported as Reserves within net assets without donor restrictions in the statement of financial position.

Bequests that are temporarily or perpetually restricted by the gift instrument are excluded from the Board-designated Reserves. Gifts with time or purpose donor restrictions as permitted by the gift instrument must be expended in satisfaction of the purpose envisioned by the donor. The Federation has perpetually restricted endowments as described in Note 12.

The Board of Directors has charged the finance and administration committee which has, in turn, authorized the investment committee to assume responsibility for the oversight and the investment of the Reserves.

The Federation utilizes a spending rule for its Reserves in order to maximize the long-term investments of the fund. The spending rule sets forth the Reserves’ income to be distributed currently for spending. The Board of Directors has authorized a policy permitting a 5% annual spending rate based on twelve quarters’ weighted average of the invested asset balances. The Federation received a distribution in the amount of $7,997,000 for the year ended December 31, 2020, based on the previous twelve-quarter trailing average at September 30, 2019 and an additional $82,000 based on operational needs.

The investment policy for the investments in custody of the Foundation are designed to preserve and enhance the real purchasing power of these funds and to provide a return to meet or exceed the spending distribution as authorized by the various endowment funds. The Foundation uses the CIP as the primary pool to achieve this goal.
13. Endowment and Reserves (continued)

The investment committee has adopted the Foundation’s target investment strategy for the CIP by asset class as follows:

Fixed income, including State of Israel Bonds 25% - 45%
Domestic equity 20% - 40%
International equity 2% - 25%
Short-term investments 0% - 10%
Alternative investments 0% - 10%

As described in Note 4, as of December 31, 2020, the portfolio was invested in a manner consistent with these guidelines.

Changes in Endowment and Reserves net assets for the year ended December 31, 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Purpose or Time Restrictions</td>
</tr>
<tr>
<td>Endowment and Reserves net assets, beginning of year</td>
<td>$81,953,000</td>
<td>$6,774,000</td>
</tr>
<tr>
<td>Investment return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>684,000</td>
<td>108,000</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>9,167,000</td>
<td>1,442,000</td>
</tr>
<tr>
<td>Contributions</td>
<td>681,000</td>
<td>53,000</td>
</tr>
<tr>
<td>Redesignation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Spending distribution</td>
<td>(8,079,000)</td>
<td>(391,000)</td>
</tr>
<tr>
<td>Endowment and Reserves net assets, end of year</td>
<td>$84,406,000</td>
<td>$7,986,000</td>
</tr>
</tbody>
</table>

A description of the Endowment and Reserves of the Federation as of December 31, 2020 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Purpose or Time Restrictions</td>
</tr>
<tr>
<td>Reserves</td>
<td>$84,406,000</td>
<td>$ -</td>
</tr>
<tr>
<td>Lainer endowment</td>
<td>-</td>
<td>7,274,000</td>
</tr>
<tr>
<td>Goldsmith endowment</td>
<td>-</td>
<td>526,000</td>
</tr>
<tr>
<td>Briskin endowment</td>
<td>-</td>
<td>186,000</td>
</tr>
<tr>
<td>Total of investments</td>
<td>$84,406,000</td>
<td>$7,986,000</td>
</tr>
</tbody>
</table>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the entity to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020.
14. Related Party Transactions and Deferred Compensation Agreements

As further described in Note 6, the Federation has extended notes and noninterest-bearing loans to partner organizations.

Certain executives of the Federation have revocable deferred compensation arrangements. As of December 31, 2020, $218,000 was reported in the statement of financial position as other assets and the related liability in accounts payable and accrued expenses.

The Federation has month-to-month and limited multi-year lease arrangements with several partner organizations. The lease arrangements expire between 2020 and 2025. Rent revenue recognized for these arrangements for the year ended December 31, 2020 was $1,471,000, of which $1,388,000 was paid in cash, and is reported in the statement of activities and changes in net assets within total expenses.

15. Contingencies

In the normal course of operations, the Federation is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the Federation’s financial position.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The spread of this virus globally has caused business disruption domestically in the United States, the area in which the Federation primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. Therefore, the extent of the financial impact and duration cannot be reasonably estimated at this time.

16. Subsequent Events

Subsequent events were evaluated from December 31, 2020 through July 6, 2021, which was the date the financial statements were available to be issued.

PPP Loan Forgiveness
The Federation submitted its application for PPP Loan forgiveness after December 31, 2020 and received notice from its lender in May 2021 that the lender approved forgiveness of the full amount of the PPP Loan and the related interest thereon. Accordingly, the Federation will derecognize $3,362,000 of the PPP Loan and recognize a corresponding gain on debt forgiveness, which will be included in other income for the year ending December 31, 2021, since the Federation believes all performance measures have been met. The loan forgiveness is pending final approval by the SBA.
17. **Jewish Community Foundation (Unaudited)**

The Federation is the sole member of the Foundation; however, because the Foundation is governed by independent by-laws, independent Board of Directors and independent management, consolidated financial information is not permitted in accordance with accounting principles generally accepted in the United States of America.

The table below shows selected financial information for the Federation and the Foundation. The information for the Federation is derived from the audited financial statements for the years ended December 31, 2020 and 2019. The information from the Foundation is derived from schedules provided by the Foundation’s management. The Total (Memorandum Only) column represents an aggregation of financial data for the Federation and the Foundation. Data in this column are presented only to facilitate financial analysis and do not present results of operations in accordance with accounting principles generally accepted in the United States of America. The information is not comparable to a consolidation because the intercompany activity has not been eliminated.

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020 Selected Financial Information</th>
<th>Memorandum Only Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Federation</strong></td>
<td><strong>Foundation</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>$ 59,844,000</td>
<td>$ 205,073,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$ 33,681,000</td>
<td>$ 109,411,000</td>
</tr>
<tr>
<td>Management and general</td>
<td>3,107,000</td>
<td>7,635,000</td>
</tr>
<tr>
<td>Fundraising</td>
<td>8,897,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 45,685,000</td>
<td>$ 117,046,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019 Selected Financial Information</th>
<th>Memorandum Only Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Federation</strong></td>
<td><strong>Foundation</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>$ 63,148,000</td>
<td>$ 263,463,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$ 39,710,000</td>
<td>$ 132,670,000</td>
</tr>
<tr>
<td>Management and general</td>
<td>3,217,000</td>
<td>8,273,000</td>
</tr>
<tr>
<td>Fundraising</td>
<td>9,548,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 52,475,000</td>
<td>$ 140,943,000</td>
</tr>
</tbody>
</table>