



The Jewish Federation
OF OMAHA

JEWISH FEDERATION OF OMAHA, INC.

Consolidated Financial Statements and
Supplemental Financial Information

June 30, 2023,
with Comparative Totals for 2022

(Together with Independent Auditor's Report)



JEWISH FEDERATION OF OMAHA, INC.

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WITH COMPARATIVE TOTALS FOR 2022**

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Independent Auditor's Report

To the Board of Directors
Jewish Federation of Omaha, Inc. and Affiliates
Omaha, Nebraska:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of the Jewish Federation of Omaha, Inc. and Affiliates (the Federation), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Federation as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of the Federation, in our report dated March 6, 2023 we expressed an unmodified audit opinion on those audited financial statements and an opinion that the accompanying supplementary information as of and for the year ended June 30, 2022, was fairly stated in all material respects in relation to the 2022 financial statements as a whole. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedule 1 for the year ended June 30, 2023 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Omaha, Nebraska

March 12, 2024



JEWISH FEDERATION OF OMAHA, INC.
 Consolidated Statement of Financial Position
 June 30, 2023
 With Comparative Totals for 2022

Assets	Without Donor Restriction	With Donor Restriction	Total	
			2023	2022
Cash and cash equivalents	\$ 91,982	217,622	309,604	476,806
Investments, including investments limited as to use	92,663,627	33,023,295	125,686,922	118,900,703
Promises to give, net	1,809,367	4,125,795	5,935,162	4,572,307
Resident and other receivables	1,111,773	--	1,111,773	959,220
Beneficial interest in charitable remainder trust assets and other split interest agreements	--	3,081,873	3,081,873	2,867,204
Other assets	641,813	--	641,813	495,490
Property, buildings, and equipment, net	43,348,529	--	43,348,529	43,573,853
Total assets	\$ 139,667,091	40,448,585	180,115,676	171,845,583
Liabilities and Net Assets				
Liabilities:				
Accounts payable - trade	\$ 1,165,060	--	1,165,060	649,077
Accounts payable - property, buildings and equipment	134,601	--	134,601	64,822
Accrued expenses	1,181,775	--	1,181,775	1,502,170
Contract liability	892,277	--	892,277	1,040,810
Annuities and trusts payable	--	98,569	98,569	106,124
Custodial funds	10,343,468	--	10,343,468	10,409,597
JCC Capital Project line of credit	5,105,955	--	5,105,955	5,364,226
Mortgage payable	--	--	--	81,574
Total liabilities	18,823,136	98,569	18,921,705	19,218,400
Net assets	120,843,955	40,350,016	161,193,971	152,627,183
Total liabilities and net assets	\$ 139,667,091	40,448,585	180,115,676	171,845,583

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Consolidated Statement of Activities

For the Year Ended June 30, 2023

With Comparative Totals for 2022

	Without Donor Restriction	With Donor Restriction	Total	
			2023	2022
Public support, program and investment revenue:				
Public support:				
Contributions	\$ 7,736,680	5,312,555	13,049,235	15,812,444
Government grants and credits	221,971	--	221,971	274,216
Gain on forgiveness of debt (paycheck protection program)	--	--	--	3,297,700
Grants	634,469	5,000	639,469	395,198
Total public support	8,593,120	5,317,555	13,910,675	19,779,558
Program revenue:				
Resident service revenue-				
Private pay and ancillary	5,105,883	--	5,105,883	5,917,884
Medicaid fees revenue	3,518,147	--	3,518,147	2,768,015
Medicare fees revenue	1,660,323	--	1,660,323	1,655,757
Other insurance	469,648	--	469,648	219,612
Program services	5,491,248	--	5,491,248	4,661,439
Membership dues	4,532,544	--	4,532,544	3,696,284
Rental income	833,883	--	833,883	725,315
Advertising	126,224	--	126,224	156,791
Miscellaneous	70,768	--	70,768	101,712
Net gain (loss) on fixed assets	(828)	--	(828)	(115,112)
Total program revenue	21,807,840	--	21,807,840	19,787,697
Investment revenue:				
Change in value of split interest agreements	--	222,224	222,224	(306,171)
Investment income	2,830,329	542,948	3,373,277	1,401,468
Realized gain on investments, net	949,488	178,530	1,128,018	4,358,821
Unrealized gain (loss) on investments	3,994,600	492,997	4,487,597	(17,858,121)
Total investment revenue, net	7,774,417	1,436,699	9,211,116	(12,404,003)
Total public support, program and investment revenue, net	38,175,377	6,754,254	44,929,631	27,163,252
Net assets released from restrictions	1,450,772	(1,450,772)	--	--
Expenses:				
Program services:				
Jewish Community Center	11,635,032	--	11,635,032	10,229,734
Rose Blumkin Jewish Home	13,703,459	--	13,703,459	12,306,922
Community Engagement and Education	1,161,445	--	1,161,445	1,134,677
Jewish Family Service	640,670	--	640,670	638,511
Community Relations Committee	691,023	--	691,023	660,265
Jewish Senior Outreach	467,664	--	467,664	434,453
Jewish Press	473,505	--	473,505	486,939
Jewish Federation and Foundation	495,850	--	495,850	455,169
Federation Manor, Inc.	384,652	--	384,652	412,979
Federation management and general	864,567	--	864,567	1,146,647
Federation fundraising	997,780	--	997,780	1,049,482
Foundation fundraising	676,258	--	676,258	624,054
Occupancy	754,169	--	754,169	420,711
Contributions to nonprofit organizations and assistance:				
Jewish Federation of North America	600,000	--	600,000	550,000
Other	2,816,769	--	2,816,769	2,640,888
Total expenses	36,362,843	--	36,362,843	33,191,431
Change in restrictions	237,805	(237,805)	--	--
Change in net assets	3,501,111	5,065,677	8,566,788	(6,028,179)
Net assets at beginning of year	117,342,844	35,284,339	152,627,183	158,655,362
Net assets at end of year	\$ 120,843,955	40,350,016	161,193,971	152,627,183

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023
With Comparative Totals for 2022

	Jewish Community Center			Rose Blumkin Jewish Home			Program Services						
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total	Community Engagement and Education	Jewish Family Service	Community Relations Committee	Jewish Senior Outreach	Jewish Press	Jewish Federation and Foundation	Federation Manor, Inc.
Salaries—professional	\$ 758,978	386,238	1,145,216	744,776	390,838	1,135,614	147,996	286,398	206,673	125,753	139,827	13,361	—
Salaries—program	3,138,122	240,093	3,378,215	6,548,307	81,343	6,629,650	2,486	869	65,055	89,084	18,610	10,750	—
Employee health and benefits	502,751	86,324	589,075	767,914	39,377	807,291	17,168	24,851	29,291	43,035	22,655	2,172	—
Payroll taxes	318,424	46,766	365,190	562,399	35,772	598,171	11,891	23,163	20,839	18,514	12,274	1,819	—
Total salaries and related expenses	4,718,275	759,421	5,477,696	8,623,396	547,330	9,170,726	179,541	335,281	321,858	276,386	193,366	28,102	—
Program operating costs	548,887	239,506	788,393	1,744,367	121,461	1,865,828	128,829	29,253	124,570	67,838	17,666	106,442	241,416
Occupancy-allocated	1,316,196	—	1,316,196	—	—	—	—	22,862	22,439	—	10,217	—	—
Occupancy-expensed	34,036	40,275	74,311	528,803	—	528,803	2,610	5,893	400	—	—	35,500	56,935
Central services	—	601,512	601,512	—	447,552	447,552	71,525	68,172	95,340	40,104	91,719	—	—
Professional fees	19,485	—	19,485	62,305	9,544	71,849	38,716	719	83	—	3,212	22,870	61,182
Mortgage interest	—	—	—	—	—	—	—	—	—	—	—	—	9,759
Supplies	135,891	130,332	266,223	250,363	50,595	300,958	3,990	8,481	3,947	526	4,987	1	—
Printing and publications	8,053	32,217	40,270	736	2,348	3,084	5,233	2,758	2,859	243	42,067	1,438	—
Assistance to organizations	—	—	—	—	—	—	78,634	—	—	—	—	75,824	—
Local transportation	5,476	—	5,476	43,472	1,764	45,236	9,068	642	78	53,489	936	—	—
Assistance to individuals	62	—	62	1,100	650	1,750	468,449	59,184	1,000	231	—	127,620	—
Dues	21,907	39,812	61,719	40,334	35,283	75,617	2,547	2,451	615	24	2,610	77,190	—
Postage and shipping	2,352	4,684	7,036	14,030	3,833	17,863	1,634	2,036	570	79	31,079	500	—
Laundry	28,251	679	28,930	432	—	432	—	—	—	—	—	—	—
Conferences, and meetings	1,942	—	1,942	3,680	14,925	18,605	3,428	2,349	16,371	2,971	—	—	—
Telephone	—	—	—	8,537	2,868	11,405	660	464	2,236	2,658	—	110	—
Miscellaneous	4,361	648	5,009	11,752	64,410	76,162	1,594	10,998	1,016	13,615	2,304	20,253	—
Total expenses before depreciation and contributions	6,845,174	1,849,086	8,694,260	11,333,307	1,302,563	12,635,870	996,458	551,543	593,382	458,164	400,163	495,850	369,292
Depreciation	2,698,674	242,098	2,940,772	1,067,589	—	1,067,589	164,987	89,127	97,641	9,500	73,342	—	15,360
Contributions to nonprofit organizations	—	—	—	—	—	—	—	—	—	—	—	3,416,769	—
2023 Total expenses	\$ 9,543,848	2,091,184	11,635,032	12,400,896	1,302,563	13,703,459	1,161,445	640,670	691,023	467,664	473,505	3,912,619	384,652
2022 Total expenses	\$ 8,380,606	1,849,128	10,229,734	11,065,254	1,241,668	12,306,922	1,134,677	638,511	660,265	434,453	486,939	3,646,057	412,979

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.
 Consolidated Statement of Functional Expenses
 For the Year Ended June 30, 2023
 With Comparative Totals for 2022

	<u>Supporting Services</u>					<u>Total</u>			
	<u>Management and General</u>	<u>Jewish Federation Fundraising</u>	<u>Jewish Foundation Fundraising</u>	<u>Occupancy</u>	<u>Central Services</u>	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>	
								<u>2023</u>	<u>2022</u>
Salaries—professional	\$ 355,825	323,736	385,796	12,486	963,788	2,423,762	2,818,707	5,242,469	4,864,259
Salaries—program	3,093	51,204	35,761	768,937	109,213	9,873,283	1,289,644	11,162,927	9,450,947
Employee health and benefits	27,470	44,070	24,234	86,995	155,230	1,409,837	463,700	1,873,537	1,807,172
Payroll taxes	26,699	29,615	32,194	66,257	81,052	969,323	318,355	1,287,678	1,179,616
Total salaries and related expenses	413,087	448,625	477,985	934,675	1,309,283	14,676,205	4,890,406	19,566,611	17,301,994
Program operating costs	73,989	158,410	47,071	19,788	70,306	3,009,268	730,531	3,739,799	3,836,629
Occupancy-allocated	93,394	6,823	--	(1,471,931)	--	1,371,714	(1,371,714)	--	--
Occupancy-expensed	8,070	2,553	--	1,195,530	1,263	664,177	1,247,691	1,911,868	1,615,171
Central services	25,004	162,024	107,820	--	(1,713,624)	366,860	(369,712)	(2,852)	--
Professional fees	92,187	619	7,739	45	95,536	208,572	205,670	414,242	356,603
Mortgage interest	--	178,288	--	--	--	9,759	178,288	188,047	145,267
Supplies	6,482	3,735	12,884	33,229	113,250	408,186	350,507	758,693	678,796
Printing and publications	5,722	17,324	11,713	193	4,846	63,387	74,363	137,750	135,093
Assistance to organizations	--	--	--	--	--	154,458	--	154,458	166,839
Local transportation	--	576	452	7,369	70	113,161	10,231	123,392	122,280
Assistance to individuals	5,136	4,141	--	6,353	229	657,646	16,509	674,155	616,157
Dues	9,999	404	2,143	13,785	98,532	147,678	199,958	347,636	314,643
Postage and shipping	2,882	5,574	4,526	--	1,277	52,280	22,776	75,056	68,448
Laundry	--	--	--	2,838	--	28,683	3,517	32,200	21,211
Conferences and meetings	22,583	8,584	3,701	8,034	3,368	30,741	61,195	91,936	41,380
Telephone	1,888	100	--	4,261	2,864	14,665	11,981	26,646	24,173
Miscellaneous	745	--	224	--	12,800	65,893	78,827	144,720	137,895
Total expenses before depreciation and contributions	761,168	997,780	676,258	754,169	--	22,043,333	6,341,024	28,384,357	25,582,579
Depreciation	103,399	--	--	--	--	4,216,220	345,497	4,561,717	4,417,964
Contributions to nonprofit organizations	--	--	--	--	--	3,416,769	--	3,416,769	3,190,888
2023 Total expenses	\$ 864,567	997,780	676,258	754,169	--	29,676,322	6,686,521	36,362,843	33,191,431
2022 Total expenses	\$ 1,146,647	1,049,482	624,054	420,711	--	26,859,741	6,331,690		

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2023

With Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,566,788	(6,028,179)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions and investment income -		
Contributions for property, buildings and equipment	(2,373,463)	(710,415)
Contributions with donor restrictions - endowments	(1,655,607)	(3,153,059)
Change in value of split interest agreements, net	(214,669)	349,178
Unrealized (gain) loss on investments	(4,487,597)	17,858,121
Depreciation	4,561,717	4,417,964
Gain of forgiveness of debt	--	(3,297,700)
Decrease (increase) in:		
Promises to give, net	539,425	19,634
Resident and other receivables	(152,553)	1,888,527
Other assets	(146,323)	(25,748)
Increase (decrease) in:		
Accounts payable - trade	416,997	199,098
Accrued expenses	(320,395)	(197,545)
Accrued interest	--	(41,771)
Contract liability	(148,533)	209,806
Annuities and trusts payable	(7,555)	(43,007)
Custodial funds, net	(66,129)	(2,891,668)
Net cash provided by operating activities	<u>4,512,103</u>	<u>8,553,236</u>
Cash flows from investing activities:		
Deposits to investments	(26,739,501)	(30,169,511)
Withdrawals from investments	24,440,879	20,284,655
Purchase of property, buildings, and equipment	(4,167,628)	(3,198,842)
Net cash used in investing activities	<u>(6,466,250)</u>	<u>(13,083,698)</u>
Cash flows from financing activities:		
Proceeds from JCC Capital Project line of credit	1,040,844	1,862,958
Payments on JCC Capital Project line of credit	(1,299,115)	(2,170,307)
Principal payments on mortgage payable	(81,574)	(104,333)
Contributions and investment income -		
Donor restricted for property, buildings, and equipment	1,403,091	710,415
Contributions with donor restrictions	723,699	4,438,107
Net cash provided by financing activities	<u>1,786,945</u>	<u>4,736,840</u>
Increase (decrease) in cash and cash equivalents	(167,202)	206,378
Cash and cash equivalents at beginning of year	476,806	270,428
Cash and cash equivalents at end of year	<u>\$ 309,604</u>	<u>476,806</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 188,047	187,038

See notes to consolidated financial statements



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2023

with Comparative Totals for 2022

1) Principles of Consolidation and Summary of Significant Accounting Policies

The following indicates principles of consolidation and provides a summary of significant accounting policies. These policies are in accordance with accounting principles generally accepted in the United States of America.

(a) *Principles of Consolidation*

The consolidated financial statements include the accounts of the Jewish Federation of Omaha, Inc. and its affiliated entities, Federation Manor, Inc.; Jewish Federation of Omaha Foundation; and the Pardes Foundation (collectively, the Federation). The Jewish Federation of Omaha, Inc. is a not-for-profit corporation created to provide for the social, educational, and welfare activities of the Jewish Community of Omaha through constituent agencies and supports activities of the national and international Jewish community. Federation Manor, Inc. owns and operates a 52-unit apartment complex for the elderly, funded in part by the U.S. Department of Housing and Urban Development (HUD). The Jewish Federation of Omaha Foundation and the Pardes Foundation are supporting organizations of the Jewish Federation of Omaha, Inc. All significant intercompany balances and transactions have been eliminated.

(b) *Basis of Presentation*

The Federation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Federation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into the following classes of net assets:

Net assets without donor restrictions are those net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. Net assets without donor restrictions include undesignated net assets and net assets subject to designation by the Board of Directors.

Net assets with donor restrictions are net assets subject to restrictions imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.



JEWISH FEDERATION OF OMAHA, INC.

Notes to Consolidated Financial Statements

June 30, 2023

with Comparative Totals for 2022

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Federation to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and those difference could be material.

(d) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents representing perpetually restricted assets and annuity and life income funds are included in investments.

(e) Liquidity and Availability

Financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 309,604	476,806
Investments, including investments limited as to use	125,686,922	118,900,703
Promises to give, net	5,935,162	4,572,307
Resident and other receivables	1,111,773	959,220
Total financial assets	<u>133,043,461</u>	<u>124,909,036</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restriction -		
Donor advised funds	30,039,867	27,909,871
Custodial funds	10,343,468	10,409,597
Donor restricted	36,006,599	32,758,695
Donor restricted pledge for construction project	4,125,795	2,223,515
Donor restricted cash and cash equivalents for construction project	217,622	302,129
Board designations	26,922,879	25,519,867
Total unavailable	<u>107,656,230</u>	<u>99,123,674</u>
Financial assets available for general expenditures	<u>\$ 25,387,231</u>	<u>25,785,362</u>

The Federation endowment funds consist of donor-restricted endowment and quasi-endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The payout rate for most endowments and the quasi-endowments is 5% for the next 12 months. Total endowment revenue for the next 12 months is \$807,309. Federation's policy is to structure financial assets to be available as its general expenditures, liabilities and other obligations come due. See Note 3 for additional information on endowment policy, balances and activity.



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In addition, cash available within general operations that exceeds daily requirements is invested in an FDIC insured sweep account to minimize risk and generate interest income. Although it is anticipated that liquid funds are sufficient to cover anticipated obligations, the Federation also has Board Designated and quasi-endowment funds available. Although the Federation does not intend to spend principal from these funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the funds could be made available if necessary. However, a portion of these funds may contain investments with lock-up provisions that would reduce the total amounts that could be made available within 12 months.

As part of the Federation's cash management strategy related to the JCC Capital Project, the Federation has obtained a \$15 million multiple draw line of credit (Note 6) to cover project costs as donor pledges are being received.

(f) Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are measured at fair value based on published or quoted market prices in the consolidated statement of financial position with gains and losses included in the consolidated statement of activities. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Insurance policies are valued at cash surrender value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Certain investments, as well as limited liability partnerships and corporations, are valued by management based on net asset value per share that is compiled by fund administrators determined on an accrual basis of accounting. Net asset value per share is determined as follows: (1) securities that are listed on a national securities exchange or traded over the counter and are freely transferable are valued at their last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day quoted by the National Association of Securities Dealers, Inc.'s Automatic Quotation System, or, if not quoted on such system, by one of the principal market makers in such securities; (2) investments in managed accounts or investment partnerships, are valued utilizing the most recent relevant information or performance reports of any such managed account or investment partnerships; and (3) all other securities/investments are challenged for reasonableness of the assumptions and methodology used by managers to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statement of activities as with donor restriction and without donor restriction based upon the existence and nature of any donor or legally imposed restrictions. The Federation maintains pooled investment accounts for its endowment. Investment income as well as realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest on each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.



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(g) Resident Receivable

The Federation reports resident receivables at amounts reflecting consideration to which the Federation expects to be entitled from third party payors, residents, and others. As a service to residents, the Federation bills third-party payors directly and bills residents when the resident's liability is determined. Resident receivables are due in full when billed. Payments for services are expected within thirty days of receipt of the billing. Accounts considered past due are sent to collections when internal collection efforts have been unsuccessful. The Federation does not charge interest on outstanding balances owed.

Resident receivables, with resident and other receivables in the consolidated statement of financial position, as of July 1, 2022, and 2021 were \$959,220 and \$1,014,635, respectively.

(h) Beneficial Interest in Charitable Remainder Trust Assets and Other Split Interest Agreements

The Federation has been named the beneficiary of several irrevocable charitable remainder trust agreements in which the Federation will receive certain funds upon termination of each trust. The Federation recognizes contribution revenue for charitable remainder trusts at the present value of the estimated future benefits to be received. The Federation recognizes contribution revenue in the period in which the trusts are established or when they receive notice of the trust's existence. Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the beneficiary, and changes in actuarial assumptions during the term of the trust are recognized as a change in the value of split interest agreements. Upon the death of the beneficiary, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split interest agreements.

(i) Property, Buildings, and Equipment, net

Property, buildings, and equipment are recorded at cost. The Federation maintains a capitalization policy of \$2,500. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on the following lives:

Land improvements	10 – 15 Years
Buildings and improvements	10 – 50 Years
Equipment, furniture and fixtures	5 – 10 Years
Vehicles	3 – 5 Years

Maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets sold or disposed of are removed from the accounts, and the resulting gain or loss is included in the consolidated statement of activities.

Gifts of long-lived assets such as land, buildings or equipment are reported as contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.



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The Federation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value. There were no indications of asset impairment during the year ended June 30, 2023.

(j) Contract Liability

The Jewish Community Center receives membership dues and program service fees before services are provided by the Federation. These receipts are recorded as a contract liability and are recognized as revenue as services are rendered.

(k) Custodial Funds and Donor Advised Funds

Custodial Funds –

The Federation holds assets in trust for various organizations in a fiduciary capacity. The Federation manages the assets and can only make distributions at the request of the owners. The assets are included in investments and the liabilities are included in custodial funds on the consolidated statement of financial position.

A summary of custodial funds as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Schrager Supporting Foundation	\$ 2,350,062	2,254,239
Goldstein Supporting Foundation	6,946,072	6,697,385
Friedel Jewish Academy	375,175	724,651
Murray and Sharee Newman	194,118	209,264
Others	478,041	524,058
Total	<u>\$ 10,343,468</u>	<u>10,409,597</u>

Donor Advised Funds –

The Federation has received contributions for which the donor specifies one or more individuals to serve as advisors of the funds. The fund advisors can recommend distributions from the fund but control of the assets and the final decision to distribute funds resides with the Federation.



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(l) Program Revenue

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Federation expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. The Federation bills self pay residents at the beginning of the month, prior to the provision of services. Third party payors are billed after services are performed or the resident is discharged from care. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Federation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and Federation does not believe it is required to provide additional goods or services to the resident. The Federation has no revenue for performance obligations satisfied over time.

The Federation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured residents in accordance with the Federation's policy, and or implicit price concessions provided to uninsured residents. The Federation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Federation determines its estimate of implicit price concessions based on historical collection experience with various classes of residents.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Federation provides services to uninsured residents, and offers those uninsured residents a discount, either by policy or law, from standard charges. The Federation estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are recorded as adjustments to resident service revenue in the period of change. For the year ended June 30, no additional revenue was recognized due to changes in estimates of implicit price concessions for performance obligations satisfied in prior years.

Consistent with the Federation's mission, care is provided to residents regardless of their ability to pay. Therefore, the Federation has determined it has provided implicit price concessions to the uninsured residents and to residents with uninsured balances (copays and deductibles). The implicit price concessions included in estimating transaction price represent the difference between amounts billed and the amount the Federation expects to collect based on collection history.



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The Federation has elected the practical expedient and does not adjust the estimated amount of consideration from residents and third-party payors for the effects of a significant financing component due the Federation's expectation that the period between the time service is provided to the resident and the time that the resident or third-party payor pays for that service will be one year or less. However, the Federation does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. In these cases, the financing component is deemed to be insignificant to the contract.

Program Services and Membership Dues

The Federation recognizes revenue from Jewish Community Center (JCC) membership dues over the membership period, which is generally one year. The performance obligation consists of providing members continuous access to the fitness center and its amenities and is recognized ratably as services are simultaneously received and consumed by the members. Dues vary by member based on location and number of covered members under the agreement.

The JCC, as well as other Federation agencies, provide camps, fitness classes, and other programs as part of its service offerings. Program service revenue is recognized once the program is held and the service has been provided. Program service revenue for the years ended June 30, 2023 and 2022 was \$5,491,248 and \$4,661,439, respectively.

Membership dues paid in advance are recognized as contract liabilities and are deferred to the membership period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying sale, event or program takes place. Due to nature and timing of the performance and/or transfer of services and products, substantially all contract liabilities each year are recognized in the following year. Membership due revenue for the years ended June 30, 2023 and 2022 was \$4,532,544 and \$3,696,284, respectively.

The following table provides information about significant changes in contract liability from membership dues for the year ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contract liability, beginning balance	\$ 1,040,810	831,004
Contract liability, ending balance	\$ 892,277	1,040,810

(m) Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date when the conditions are substantially met and the gift becomes unconditional. If contributions are received with donor restrictions that limit the use of the donated assets it is reported as a contribution with donor restrictions. When a donor restriction expires; that is, when a stipulated restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.



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Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promise to give are written off when deemed uncollectible. At June 30, 2023 and 2022, the allowance was \$81,642 and \$72,907, respectively. Donated property is recorded at fair market value on the date it is received or pledged.

CARES Act Grants and Credits

On March 10, 2020, the World Health Organization declared the coronavirus outbreak a “pandemic”. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. Federal funding has been provided to individuals and businesses through the Coronavirus Act, Relief and Economic Security (CARES) Act. The Federation was the recipient of the following CARES funding:

Employee Retention Credit (ERC) - The Federation received a total of \$3,755,988 in refundable tax credits under the CARES Act ERC program during 2021. The Federation has recognized income of \$3,755,988 in 2021 in the consolidated statement of activities as government grants and credits. The consolidated statement of financial position includes \$1,833,112 within resident and other receivables for ERC tax credits that were claimed as of June 30, 2021 but were received after June 30, 2021. The IRS has three years to audit most ERC claims, but it has five years to audit payroll returns with ERCs filed for the last two quarters of 2021.

Paycheck Protection Program Loan – During 2020, the Federation obtained a Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$3,297,700, at 1.0% through April 2022. In the event of default, the holder of the loan may demand immediate payment of all outstanding amounts, including principal and accrued interest. The Federation is eligible for loan forgiveness of up to 100% of the loan and accrued interest, upon meeting certain requirements. The Federation intends to take measures to maximize the loan forgiveness. The Federation obtained notification from the SBA that the principal (\$3,297,700) and interest (\$41,771) was forgiven effective July 13, 2021. The Federation has recorded a gain on forgiveness of debt in the consolidated statement of activities for the year ended June 30, 2022.



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(n) Functional Expenses

The costs of providing the various programs or activities of the Federation have been summarized on a functional basis in the consolidated statement of functional expenses. Certain expenses, such as accounting and central services, occupancy, and depreciation, are systematically allocated to the individual agencies and programs benefited. Expenses allocated based on square footage include security, property insurance, utilities, general occupancy and related payroll expense. Expenses, including payroll expenses, allocated on the basis of estimates of time, and effort include costs of the Finance, Human Resources, Marketing and Information Technology departments.

(o) Contributions to Not-for-Profit Organizations and Assistance Expense

The Federation makes contributions to synagogues and Jewish entities, awards various scholarships, and provides support to needy individuals. The Federation also makes contributions to the Jewish Federation of North America and other not-for-profit organizations. These contributions to individuals and organizations are recognized as expense in the period in which a commitment to give is made.

(p) Concentration of Credit Risk

Financial instruments that potentially subject the Federation to the concentration of credit risk include cash and cash equivalents, investments, and contributions receivable. Investments and cash and cash equivalents are managed within guidelines established by the Board of Directors which, as a matter of policy, limit the amounts that may be invested with one issuer. Concentrations of credit risk with respect to pledges receivable are limited since amounts are due from a number of individual donors or corporations. Concentration of credit risk with respect to resident receivables are limited since amounts are due from multiple residents and insurance companies.

Cash and cash equivalents may include deposits in excess of Federal Deposit Insurance Corporation limits. Management has employed cash management strategies that spread cash deposits across multiple financial institutions to reduce exposure to FDIC limitations. At June 30, 2023, the Federation had approximately \$164,000 in excess of FDIC insured limits. Management believes the risks related to these deposits are minimal.

(q) Income Taxes

The Federation is a not-for-profit corporation as described in Section 501(c)(3) of the Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has established standards to be met to maintain the Federation's tax-exempt status. In general, such standards require the Federation to meet a community benefits standard and comply with various laws and regulations.

The Federation accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, Income Taxes. The Federation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Federation would recognize interest and penalties when incurred. At June 30, 2023 and 2022, the Federation had no uncertain tax positions accrued.



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(r) *Comparative Amounts*

The accompanying financial statement include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Federation's audited financial statements for the year ended June 30, 2022 from which the summarized information was derived.

2) Investments

Fair Value Measurements

The Federation applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Topic 820 establishes a fair value 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through either corroboration or observable market data.
- Level 3 inputs are unobservable inputs for the asset or liability. In these situation, inputs are developed using the best information available in the circumstances.

The consolidated financial statements do not include any nonrecurring fair value measurements relating to assets and liabilities for which the Federation has adopted the provisions of ASC Topic 820.

The following methods and assumptions were used to estimate the fair value for each financial instrument measured at fair value.

Money Market Funds: Valued at cost, which approximates fair value due to their short-term nature.

Investment Securities: The fair value of investment securities including equity or bond funds, common stock, U.S. government bonds, State of Israel bonds, and corporate bonds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. When quoted market prices are available in an active market, the securities are classified within Level 1 of the valuation hierarchy. Securities valued based on market prices provided by recognized broker dealers are classified with Level 2. Market prices provided by these broker dealers are based on inputs such as market-based or independently sourced market parameters including but not limited to yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.

Brokered Certificates of Deposit (CD): The fair value of brokered CDs is based on market prices provided by recognized broker dealers.



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The Federation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The following is a summary of investments measured using NAV:

Chicago PEP: The fair value of the Federation's investment position in the Chicago PEP is based on the Federation's percentage ownership of the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). A portion of the underlying net assets of the Chicago PEP are comprised of readily marketable securities which are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for these investments existed. There are no unfunded commitments related to this investment.

Other: The fair value of other investment is the reported ownership percentage of underlying assets within the equity limited partnership as valued based on observable quoted market prices. There are no unfunded commitments related to this investment.



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The following table presents the balance of investment securities measured at fair value (excluding money market funds, at cost) on a recurring-basis at June 30, 2023 and 2022:

		2023			
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
Money market funds, at cost	\$ 2,003,370	2,003,370	–	–	–
Vanguard - Balanced Fund	85,229,767	81,889,655	81,889,655	–	–
State of Israel bonds	1,500,000	1,470,206	1,470,206	–	–
Common stocks	843,232	3,106,860	3,106,860	–	–
U.S. Treasury bills	3,579,017	3,579,017	3,579,017	–	–
U.S. government bonds	877,852	886,922	–	886,922	–
Brokered CDs	1,008,353	1,228,155	–	1,008,353	–
	<u>\$ 95,041,591</u>	<u>94,164,185</u>	<u>90,045,738</u>	<u>1,895,275</u>	<u>–</u>
Investments at NAV:					
Chicago PEP		29,337,049			
Other		1,822,905			
Other investments:					
Insurance cash value		<u>362,783</u>			
Total investments		<u>\$ 125,686,922</u>			
		2022			
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
Money market funds, at cost	\$ 2,266,440	2,266,440	–	–	–
Vanguard - Balanced Fund	81,721,491	75,264,164	75,264,164	–	–
State of Israel bonds	1,000,000	962,495	962,495	–	–
Common stocks	843,294	2,453,700	2,453,700	–	–
U.S. Treasury bills	4,079,037	4,079,037	4,079,037	–	–
Brokered CDs	1,968,342	1,968,342	–	1,968,342	–
	<u>\$ 91,878,604</u>	<u>86,994,178</u>	<u>82,759,396</u>	<u>1,968,342</u>	<u>–</u>
Investments at NAV:					
Chicago PEP		29,943,727			
Other		1,600,156			
Other investments:					
Insurance cash value		<u>362,642</u>			
Total investments		<u>\$ 118,900,703</u>			



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Investments include amounts limited as to use by donor agreements as well as internally designated by the Board of Directors. The following is a summary of investments by limitation as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
By donor agreement:		
Custodial funds	\$ 10,343,468	10,409,597
Endowments	34,487,259	31,700,916
Restricted - non endowment	10,646,932	8,015,082
Donor advised funds	30,039,867	27,909,871
Total by donor agreements	<u>85,517,526</u>	<u>78,035,466</u>
By Board designation:		
Endowment funds (Quasi)	3,095,500	2,711,541
Campus funds	800,809	763,699
Agencies	20,491,002	19,681,982
Scholarships	122,922	124,865
Discretionary	2,412,646	2,237,780
Total by Board designation	<u>26,922,879</u>	<u>25,519,867</u>
Total investment limited as to use	112,440,405	103,555,333
Investments held for operations	5,776,986	8,159,463
Investments held for specific Agency	7,469,531	7,185,907
Total investments, including investments limited as to use	<u>\$ 125,686,922</u>	<u>118,900,703</u>

The following is a summary of investments measured using NAV as of June 30, 2023 and 2022:

	<u>2023 Fair Value</u>	<u>2022 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency and Redemption Notice</u>
Alternative investments -				
Chicago PEP (a)	\$ 29,337,049	29,943,727	None	See (a) below
Other (b)	1,822,905	1,600,156	None	See (b) below



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The following is a description of investments measured using NAV as of June 30, 2023 and 2022:

- a) Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC. (Chicago PEP) – On January 1, 2009 the Federation initiated an investment position in the Jewish Federation of Metropolitan Chicago Endowment Portfolio. This investment position was not independently incorporated from the Jewish Federation of Metropolitan Chicago nor was it a disjointedly managed partnership, but a separate division within that organization holding a portfolio of investments. On July 1, 2011 the Jewish Federation of Metropolitan Chicago transferred its endowment portfolio to a newly formed limited liability company, the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). The Federation, along with other divisions within the Jewish Federation of Metropolitan Chicago, other Chicago based Jewish charities, and other unrelated Jewish Federations across the United States, shares in the investment performance of the portfolio based on its percentage of ownership of the Chicago PEP. The Jewish Federation of Metropolitan Chicago is the manager of the Chicago PEP.

Contributions to and withdrawals from the Chicago PEP are allowed monthly. Withdrawals of more than 40% of the investor's asset position are paid in an amount equal to 50% of the redemption request within 60 days of the redemption date. Of the remaining balance, 50% is paid on the next anniversary date and the remaining balance paid at varying percentages over next five anniversary dates. Redemptions can be suspended during any period when the redemption of capital would not be reasonable or practicable or would be prejudicial to the non-redeeming Members, at the sole discretion of Chicago PEP manager. The Chicago PEP can be dissolved at any time, at the sole discretion of Chicago PEP manager.

The Chicago PEP invests in many investment fund types that involve public and private funds, partnerships and limited liability corporations. In addition to the risks normally associated with investing activities, many of the investments are alternative investments, including hedge funds, with a variety of related risks and liquidity attributes potentially impacted by underlying lock up restrictions and counterparty credit risks. Valuations depend upon net asset values per share as compiled by management of the hedge funds. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies.

The estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for investments existed. In addition, as an indirect beneficiary, the Federation does not have direct ownership in the underlying assets limiting the ability to independently verify value, assess risk or liquidate investment positions. Since the manager of the Chicago PEP is the Jewish Federation of Metropolitan Chicago, the Federation's investment could also be exposed to risks associated with actions of the Jewish Federation of Metropolitan Chicago.



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- b) Other – The Federation is invested in an equity limited partnership as of June 30, 2023. This partnership’s investments in securities are highly concentrated in a limited number of publicly traded U.S. common stocks. The substantial size of these positions could affect the partnerships ability to sell the investments without affecting market price which could affect liquidity and/or sales price. Liquidity of this investment is also affected by withdrawal restrictions, limiting withdrawals to semi-annual distributions.

Unrealized Gains and Losses

The following is a reconciliation of unrealized gain (loss) for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net unrealized gains at beginning of year	\$ 9,657,663	30,780,450
Net unrealized gains at end of year	<u>14,629,474</u>	<u>9,657,663</u>
Total change in unrealized gains (losses)	4,971,811	(21,122,787)
Change attributable to custodial funds	<u>(484,214)</u>	<u>3,264,666</u>
Net change in unrealized gains (losses)	<u>\$ 4,487,597</u>	<u>(17,858,121)</u>

3) Endowment

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds.

Federation endowments consist of funds established to invest perpetually restricted donations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments and beneficial interest in trust assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted NUPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by NUPMIFA.



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

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Federation
- The investment policies of the Federation

The composition of net assets by type of endowment fund at June 30, 2023 and 2022 was:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ 3,547,895	30,939,364	34,487,259
Board-designated endowment funds (Quasi)	3,095,500	—	3,095,500
Net assets, end of year	<u>\$ 6,643,395</u>	<u>30,939,364</u>	<u>37,582,759</u>
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ 2,768,752	28,932,164	31,700,916
Board-designated endowment funds (Quasi)	2,711,541	—	2,711,541
Net assets, end of year	<u>\$ 5,480,293</u>	<u>28,932,164</u>	<u>34,412,457</u>



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The following tables present the changes in endowment balances for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Net assets, beginning of year	\$ 5,480,293	28,932,164	34,412,457
Investment return -			
Investment income	102,144	1,163,587	1,265,731
Net realized gain	34,243	388,678	422,921
Net unrealized gain	98,129	1,081,470	1,179,599
Appropriation for expenditure	257,474	(1,496,794)	(1,239,320)
Reclassifications due to change in restriction	428,638	(428,638)	-
Contributions	242,474	1,298,897	1,541,371
Net assets, end of year	<u>\$ 6,643,395</u>	<u>30,939,364</u>	<u>37,582,759</u>

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Net assets, beginning of year	\$ 7,560,048	29,370,498	36,930,546
Investment return -			
Investment income	33,476	418,459	451,935
Net realized gain	126,804	1,649,157	1,775,961
Net unrealized loss	(497,051)	(5,901,294)	(6,398,345)
Appropriation for expenditure	(3,079,014)	1,708,436	(1,370,578)
Reclassifications due to change in restriction	819,835	(819,835)	-
Contributions	516,195	2,506,743	3,022,938
Net assets, end of year	<u>\$ 5,480,293</u>	<u>28,932,164</u>	<u>34,412,457</u>

At June 30, 2023 and 2022, the Federation had appropriated endowment assets with donor restrictions in excess of available earnings from the endowed funds. Below is a summary of the original donor-restricted gifts whereby appropriations have exceeded available earnings:

	2023	2022
Original donor-restricted endowment gifts	\$ 6,643,905	8,425,002
Appropriation in excess of earnings	<u>(490,081)</u>	<u>(591,058)</u>
Net donor-restricted endowment gifts	<u>\$ 6,153,824</u>	<u>7,833,944</u>



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Return Objectives and Risk Parameters

The Federation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the Board, the endowment assets are invested in a manner that seeks to maximize total returns over long periods of time primarily through capital appreciation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved primarily through asset portfolios managed by professional investment management staff of the Chicago PEP and assets purchased on the advice of other investment experts.

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Federation preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Investment income and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when available to be spent.

This spending policy does not apply if the donor otherwise defines or restricts the spendable income of a specific fund. Most of the Federation's endowment funds have donor specified restrictions.

The current policy sets the payout rate at 5% of the market value based on the average of the previous 16 quarters. For most endowment funds this rate is applied after shifting 15% of investment income and net appreciation or depreciation to the perpetual endowment, according to the donor agreement. The payout rate is 4% in the case of endowment funds for which the Federation considers it prudent to limit distributions in compliance with its NUPMIFA responsibilities. The rate is reviewed annually and, if adjusted, is done so by the Jewish Federation of Omaha Foundation Board of Directors upon recommendation of the Jewish Federation of Omaha Foundation Investment Committee.

Earnings in excess of the payout are used to grow the fund over time and provide a hedge against inflation. Unspent dollars remain available for use in future years.

The Federation determines the amount of appropriations for distributions necessary to support continuing operations and the strategic objectives of the Federation. Appropriated, but unspent, funds are included in the donor-restricted and board-designated endowment funds as amounts without donor restrictions.



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4) Promises to Give

At June 30, 2023 and 2022, promises to give are stated at net present value discounted at 2.5% as follows:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 6,211,364	4,784,648
Less unamortized discount	<u>194,560</u>	<u>139,434</u>
Subtotal	6,016,804	4,645,214
Less allowance for uncollectibles	<u>81,642</u>	<u>72,907</u>
Net unconditional promise to give	<u>\$ 5,935,162</u>	<u>4,572,307</u>

Unconditional promises to give at June 30, 2023 are expected to be received in the following periods:

	<u>Annual Campaign</u>	<u>Capital Campaign</u>	<u>Pickleball Campaign</u>	<u>RBJH Campaign</u>	<u>Security Campaign</u>	<u>Total</u>
2024	\$ 1,891,009	568,711	1,200,000	438,623	51,833	4,150,176
2025	–	498,904	700,000	151,426	33,333	1,383,663
2026	–	123,666	–	151,428	–	275,094
2027	–	37,000	–	109,260	–	146,260
2028	–	175,000	–	81,171	–	256,171
	<u>\$ 1,891,009</u>	<u>1,403,281</u>	<u>1,900,000</u>	<u>931,908</u>	<u>85,166</u>	<u>6,211,364</u>

5) Property, Buildings, and Equipment, net

Property, buildings, and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 5,200,357	4,203,643
Buildings and improvements	74,256,008	72,850,758
Equipment	5,367,045	4,687,706
Furniture and fixtures	3,721,789	3,613,722
Vehicles	182,107	175,008
Construction in progress	<u>2,547,015</u>	<u>1,416,190</u>
	91,274,321	86,947,027
Less accumulated depreciation	<u>47,925,792</u>	<u>43,373,174</u>
	<u>\$ 43,348,529</u>	<u>43,573,853</u>



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Construction in progress includes costs incurred for a JCC Capital Project. Certain phases of the project have been placed in service while other phases have not begun. The project has been funded through internal operations as well as donor contributions. It is the Federation's policy to not commit to project components until at least 80% of expected costs are covered with funding commitments from donors.

6) JCC Capital Project Line of Credit

On June 3, 2020, The Federation received a multiple-draw line of credit from Union Bank and Trust Company in the aggregate amount of \$15,000,000. The line of credit balance as of June 30, 2023 and 2022 was \$5,105,955 and \$5,364,226, respectively. The line matures June 2026 and bears interest at a rate of 3.50% per annum with interest payable monthly. The note is in the form of a multiple-draw down line of credit and when funds are advanced, available credit is reduced and not restored when repaid. The line of credit may be prepaid by the Federation at any time prior to maturity with no prepayment penalties. The line of credit is secured by a Negative Pledge Agreement where the Federation will not assign or mortgage its owned property located at 333 South 132nd Street, Omaha, Nebraska. Under terms of the line of credit the Federation is required to maintain a net asset without donor restriction to debt ratio of 2:1 to be tested annually at fiscal year end.

7) Retirement Plan

The Federation provides all eligible employees with a tax-sheltered annuity that can be used for retirement. The Federation makes contributions up to an amount equal to 5% of the employees' wages. Retirement plan costs were \$425,918 and \$426,708 for the years ended June 30, 2023 and 2022, respectively.

8) Risk Management

The Federation is subject to various risks of loss related to general and professional service liability, cybercrime and property and workers' compensation exposures. The Federation has purchased commercially available indemnity insurance to cover these risks. The deductible amounts for this insurance are immaterial to the Federation.

The Federation is involved in litigation arising in the normal course of business. After consulting with legal counsel, management estimates these matters will be resolved without material adverse effect on the Federation's future financial position or results from operations.



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9) Net Asset Balances

Net assets with donor restriction consist of endowments and other assets restricted by donor agreement. Endowment agreements stipulate resources be maintained perpetually, but permit the Federation to expend part or all of the income (or other economic benefits) derived from the donated assets for various purposes.

Net assets with donor restriction consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowments	\$ 30,939,364	28,932,164
Restricted - non endowments	2,301,553	1,100,240
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	2,983,304	2,761,080
Capital projects	4,125,795	2,490,855
	<u>\$ 40,350,016</u>	<u>35,284,339</u>

Net assets without donor restriction consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 51,054,416	51,461,435
Donor advised	30,039,867	27,909,871
Designated by the board	23,827,379	22,808,326
Foundation assets without donor restrictions	7,469,531	7,185,907
Annual campaign	1,809,367	2,497,012
Board-designated endowment funds (Quasi)	3,095,500	2,711,541
Donor-restricted endowment funds	3,547,895	2,768,752
	<u>\$ 120,843,955</u>	<u>117,342,844</u>



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Net assets designated by the Board are considered unrestricted and consist of the following components as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Rose Blumkin Jewish Home	\$ 15,602,028	14,981,623
Federation	3,823,051	3,672,785
Discretionary	2,374,237	2,201,893
Campus funds	800,809	763,699
JSO	731,030	696,063
Youth/scholarship funds	122,922	124,865
Foundation	69,399	49,871
JCC	215,754	233,750
Press	50,534	48,737
Agency custodial	37,178	34,692
Multi-purpose/other	437	348
	<u>\$ 23,827,379</u>	<u>22,808,326</u>

10) Medical Malpractice Coverage and Claims

The Federation pays fixed premiums for annual medical malpractice liability coverage under a claims-made policy form. The Federation accrues the expense of its share of asserted and unasserted claims occurring during the year by estimating the probable ultimate cost of any such claim in excess of the applicable insurance coverage. Such estimates are based on the Federation's own claims experience. The Federation does not expect any claims to exceed the insurance coverage limits. Accordingly, no accrual for claims has been included in the consolidated financial statements for 2023 and 2022. However, because of the risks involved in providing health care services, it is reasonably possible that an event has occurred which will be the basis for a future material claim.

11) Related Party Transactions

The Federation receives contributions from related parties including board members and employees, throughout the year. These contributions are used to help fund the Federation's mission. For the years ended June 30, 2023 and 2022, related party contributions were approximately \$3,161,096 and \$2,803,590 respectively.



JEWISH FEDERATION OF OMAHA, INC.
 Net Assets without Restriction Current Fund —
 Program Revenue by Program Service
 For the Year Ended June 30, 2023
 With Comparative Totals for 2022

	<u>Jewish Federation</u>	<u>Jewish Community Center</u>	<u>Rose Blumkin Jewish Home</u>	<u>Jewish Family Services</u>	<u>Community Engagement and Education</u>	<u>Jewish Senior Outreach</u>	<u>Jewish Press</u>	<u>Community Relations Committee</u>	<u>Federation Manor, Inc.</u>	<u>Total</u>	
										<u>2023</u>	<u>2022</u>
Elderly resident fees-											
Private pay and ancillary	\$ --	--	5,105,883	--	--	--	--	--	--	5,105,883	5,917,884
Medicaid	--	--	3,518,147	--	--	--	--	--	--	3,518,147	2,768,015
Medicare	--	--	1,660,323	--	--	--	--	--	--	1,660,323	1,655,757
Other insurance	--	--	469,648	--	--	--	--	--	--	469,648	219,612
Program services	537,882	4,679,248	(2,708)	83,175	11,574	170,506	587	3,776	7,208	5,491,248	4,661,439
Membership dues	--	4,532,544	--	--	--	--	--	--	--	4,532,544	3,696,284
Rental income	87,777	220,318	--	--	--	--	--	150	525,638	833,883	725,315
Advertising	--	--	--	--	--	--	126,224	--	--	126,224	156,791
Miscellaneous	(1,748)	36,766	22,688	4,050	--	475	7,136	1,401	--	70,768	101,712
Loss on fixed assets	--	--	(828)	--	--	--	--	--	--	(828)	(115,112)
2023 Totals	\$ 623,911	9,468,876	10,773,153	87,225	11,574	170,981	133,947	5,327	532,846	21,807,840	19,787,697
2022 Totals	\$ 314,602	8,013,690	10,477,211	111,992	12,436	139,710	172,496	12,115	533,445	19,787,697	