

JEWISH FEDERATION OF DELAWARE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2023 AND 2022

JEWISH FEDERATION OF DELAWARE, INC.
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JUNE 30, 2023 AND 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Jewish Federation of Delaware, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Delaware, Inc., as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Jewish Federation of Delaware, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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.

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

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 Jewish Federation of Delaware, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Jewish Federation of Delaware, Inc.'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 Jewish Federation of Delaware, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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.

Belfint, Lyons & Shuman, P.A.

December 15, 2023
Wilmington, Delaware

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 994,469	\$ 2,453,925
Other Investments - Certificates and Treasury Bills	1,238,876	25,449
Pledges Receivable - Annual Campaigns, Net	688,552	821,240
Pledges Receivable - Capital Campaign, Net	57,588	557,588
Accounts Receivable	284,008	24,644
Grants Receivable	243,300	-
Prepaid Expenses	79,982	24,070
Notes Receivable	99,000	158,392
Right-of-Use Assets - Operating Leases	21,971	-
Endowment Investments - at Fair Value	30,215,087	27,729,619
Cash Surrender Value - Life Insurance	328,242	309,283
Property and Equipment, Net	10,111,748	10,092,592
TOTAL ASSETS	\$ 44,362,823	\$ 42,196,802

LIABILITIES AND NET ASSETS

LIABILITIES		
Allocations Payable	\$ 1,212,451	\$ 1,312,388
Accounts Payable and Accrued Expenses	344,165	156,879
Deferred Revenue	-	7,670
Operating Lease Liability	21,971	-
Investments Held for Others	14,249,727	13,430,637
Loan Payable	99,000	612,015
TOTAL LIABILITIES	15,927,314	15,519,589

NET ASSETS		
Without Donor Restrictions		
Board Designated for Endowment	7,239,290	6,980,100
Board Designated for Capital Reserve	230,576	1,102,547
Undesignated	11,386,273	10,465,870
Total Net Assets Without Donor Restrictions	18,856,139	18,548,517
With Donor Restrictions		
	9,579,370	8,128,696
TOTAL NET ASSETS	28,435,509	26,677,213
TOTAL LIABILITIES AND NET ASSETS	\$ 44,362,823	\$ 42,196,802

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

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and Special Events	\$ 2,580,078	\$ 939,095	\$ 3,519,173
Rent	1,381,711	-	1,381,711
Advertising Income	102,196	-	102,196
Program Fees - Investment Management	103,465	-	103,465
Net Assets Released from Restrictions to Satisfy Programs	635,591	(635,591)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	4,803,041	303,504	5,106,545
ALLOCATIONS AND EXPENSES			
Allocations to Local Agencies and Overseas - Program	1,164,325	-	1,164,325
Functional Expenses - Other			
Program Services	2,721,873	-	2,721,873
Supporting Services			
Management and General	210,125	-	210,125
Fundraising	296,340	-	296,340
Total Supporting Services	506,465	-	506,465
Total Functional Expenses	3,228,338	-	3,228,338
TOTAL ALLOCATIONS AND EXPENSES	4,392,663	-	4,392,663
OPERATING PROFIT	410,378	303,504	713,882
NONOPERATING REVENUE (EXPENSES)			
Capital Campaign Contributions	-	2,693	2,693
Government Grant	-	243,300	243,300
Net Building Insurance Proceeds	451,346	-	451,346
Net Gain on Endowment Investments - Realized and Unrealized	534,030	718,405	1,252,435
Net Gain on Other Investments - Realized and Unrealized	9,120	-	9,120
Interest and Dividend Income, Net - Endowment Investments	74,627	185,465	260,092
Interest and Dividend Income, Net - Other Investments	23,476	-	23,476
Endowment Fund Allocations	(1,198,048)	-	(1,198,048)
Net Assets Released from Restrictions to Satisfy			
Capital Campaign Contributions	2,693	(2,693)	-
TOTAL NONOPERATING REVENUE (EXPENSES)	(102,756)	1,147,170	1,044,414
CHANGE IN NET ASSETS	307,622	1,450,674	1,758,296
NET ASSETS - Beginning of Year	18,548,517	8,128,696	26,677,213
NET ASSETS - End of Year	\$ 18,856,139	\$ 9,579,370	\$ 28,435,509

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

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and Special Events	\$ 3,139,730	\$ 384,604	\$ 3,524,334
Rent	1,267,334	-	1,267,334
Advertising Income	106,399	-	106,399
Program Fees - Investment Management	117,696	-	117,696
Net Assets Released from Restrictions to Satisfy Programs	637,149	(637,149)	-
	5,268,308	(252,545)	5,015,763
ALLOCATIONS AND EXPENSES			
Allocations to Local Agencies and Overseas - Program	1,279,553	-	1,279,553
Functional Expenses - Other			
Program Services	2,682,200	-	2,682,200
Supporting Services			
Management and General	151,779	-	151,779
Fundraising	284,019	-	284,019
	435,798	-	435,798
Total Supporting Services			
Total Functional Expenses	3,117,998	-	3,117,998
	4,397,551	-	4,397,551
OPERATING PROFIT (LOSS)	870,757	(252,545)	618,212
NONOPERATING REVENUE (EXPENSES)			
Capital Campaign Contributions	-	62,740	62,740
Net Gain on Endowment Investments - Realized and Unrealized	(1,358,883)	(1,682,216)	(3,041,099)
Interest and Dividend Income, Net - Endowment Investments	122,856	213,449	336,305
Endowment Fund Allocations	(1,478,242)	-	(1,478,242)
Net Assets Released from Restrictions to Satisfy			
Capital Campaign Contributions	62,740	(62,740)	-
	(2,651,529)	(1,468,767)	(4,120,296)
CHANGE IN NET ASSETS	(1,780,772)	(1,721,312)	(3,502,084)
NET ASSETS - Beginning of Year	20,329,289	9,850,008	30,179,297
NET ASSETS - End of Year	\$ 18,548,517	\$ 8,128,696	\$ 26,677,213

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

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
SALARIES AND RELATED EXPENSES					
Salaries	\$ 413,040	\$ 121,403	\$ 192,198	\$ 313,601	\$ 726,641
Employee Benefits	38,659	17,531	20,274	37,805	76,464
Payroll Taxes	25,162	7,561	12,136	19,697	44,859
TOTAL SALARIES AND RELATED EXPENSES	<u>476,861</u>	<u>146,495</u>	<u>224,608</u>	<u>371,103</u>	<u>847,964</u>
OTHER EXPENSES					
Advertising	-	6,587	3,736	10,323	10,323
Community Study	35,594	-	-	-	35,594
Conferences and Travel	3,781	1,964	6,688	8,652	12,433
Facilities Management (FMB)	1,400,056	-	-	-	1,400,056
Insurance	-	9,027	-	9,027	9,027
Interest	5,227	-	-	-	5,227
Merchant Fees	35	-	7,799	7,799	7,834
Office Expenses, Subscriptions, Printing, and Dues	100,953	13,212	12,632	25,844	126,797
Miscellaneous	253	-	-	-	253
Postage	14,075	492	1,237	1,729	15,804
Professional Services	55,068	31,564	29,021	60,585	115,653
Program and Event Expenditures	93,729	-	8,765	8,765	102,494
Telephone	2,721	784	1,854	2,638	5,359
TOTAL OTHER EXPENSES	<u>1,711,492</u>	<u>63,630</u>	<u>71,732</u>	<u>135,362</u>	<u>1,846,854</u>
Depreciation	533,520	-	-	-	533,520
Allocations to Local Agencies and Overseas	1,164,325	-	-	-	1,164,325
Endowment Fund Allocations	1,198,048	-	-	-	1,198,048
TOTAL EXPENSES	<u>5,084,246</u>	<u>210,125</u>	<u>296,340</u>	<u>506,465</u>	<u>5,590,711</u>
Less: Allocations to Local Agencies and Overseas	(1,164,325)	-	-	-	(1,164,325)
Less: Endowment Fund Allocations	(1,198,048)	-	-	-	(1,198,048)
TOTAL EXPENSES REPORTED ON STATEMENT OF ACTIVITIES	<u>\$ 2,721,873</u>	<u>\$ 210,125</u>	<u>\$ 296,340</u>	<u>\$ 506,465</u>	<u>\$ 3,228,338</u>

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

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
SALARIES AND RELATED EXPENSES					
Salaries	\$ 403,467	\$ 87,302	\$ 207,978	\$ 295,280	\$ 698,747
Employee Benefits	34,363	11,558	22,719	34,277	68,640
Payroll Taxes	25,292	5,732	13,806	19,538	44,830
TOTAL SALARIES AND RELATED EXPENSES	<u>463,122</u>	<u>104,592</u>	<u>244,503</u>	<u>349,095</u>	<u>812,217</u>
OTHER EXPENSES					
Advertising	2,520	5,345	-	5,345	7,865
Community Study	153,042	-	-	-	153,042
Conferences and Travel	39	564	995	1,559	1,598
Emergency Fund Distributions	12,773	-	-	-	12,773
Facilities Management (FMB)	1,233,261	-	-	-	1,233,261
Insurance	-	8,685	-	8,685	8,685
Interest	10,030	-	-	-	10,030
Merchant Fees	213	-	7,462	7,462	7,675
Office Expenses, Subscriptions, Printing, and Dues	85,745	12,580	11,245	23,825	109,570
Postage	13,141	603	837	1,440	14,581
Professional Services	67,015	18,775	16,102	34,877	101,892
Program and Event Expenditures	105,066	-	1,817	1,817	106,883
Telephone	2,826	635	1,058	1,693	4,519
TOTAL OTHER EXPENSES	<u>1,685,671</u>	<u>47,187</u>	<u>39,516</u>	<u>86,703</u>	<u>1,772,374</u>
Depreciation	533,407	-	-	-	533,407
Allocations to Local Agencies and Overseas	1,279,553	-	-	-	1,279,553
Endowment Fund Allocations	1,478,242	-	-	-	1,478,242
TOTAL EXPENSES	<u>5,439,995</u>	<u>151,779</u>	<u>284,019</u>	<u>435,798</u>	<u>5,875,793</u>
Less: Allocations to Local Agencies and Overseas	(1,279,553)	-	-	-	(1,279,553)
Less: Endowment Fund Allocations	(1,478,242)	-	-	-	(1,478,242)
TOTAL EXPENSES REPORTED ON STATEMENT OF ACTIVITIES	<u><u>\$ 2,682,200</u></u>	<u><u>\$ 151,779</u></u>	<u><u>\$ 284,019</u></u>	<u><u>\$ 435,798</u></u>	<u><u>\$ 3,117,998</u></u>

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

JEWISH FEDERATION OF DELAWARE, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributors and Grantors	\$ 3,624,615	\$ 3,210,658
Interest and Dividends Received, Net	283,568	336,305
Cash Received from Advertisers and Subscribers	98,600	102,783
Rent Received	1,376,365	1,260,666
Cash Paid to Local Agencies and Overseas	(1,264,262)	(1,178,583)
Cash Paid to Employees and Suppliers	(3,913,121)	(4,055,361)
Interest Paid	(5,227)	(10,030)
NET CASH PROVIDED (UTILIZED) BY OPERATING ACTIVITIES	200,538	(333,562)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	2,116,070	1,850,000
Net Purchase of Investments	(2,213,634)	(750,788)
Cash Paid for Property and Equipment	(605,236)	(129,587)
Loan to Local Agency	59,392	50,000
Advance to Local Agency	(140,000)	-
Insurance Proceeds from Casualty Loss	553,650	-
Proceeds from Life Insurance Policy	500,000	-
Net Deposits into Certificates and Treasury Bills	(1,204,307)	(25,449)
NET CASH PROVIDED (UTILIZED) BY INVESTING ACTIVITIES	(934,065)	994,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Paid for Investments Held for Others	(212,914)	(209,486)
Cash Paid on Behalf of the Jewish Historical Society	-	(112)
Principal Payments from Loan Payable	(513,015)	(146,416)
NET CASH UTILIZED BY FINANCING ACTIVITIES	(725,929)	(356,014)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,459,456)	304,600
CASH AND CASH EQUIVALENTS - Beginning of Year	2,453,925	2,149,325
CASH AND CASH EQUIVALENTS - End of Year	\$ 994,469	\$ 2,453,925
NONCASH INVESTING AND FINANCING ACTIVITIES		
Increase in Investments and Investments Held for Others from		
Realized Gains on Investments	\$ 283,318	\$ 577,835
Unrealized Gains (Losses) on Investments	\$ 852,151	\$ (3,432,119)
Accounts Payable Incurred to Acquire Equipment	\$ 169,287	\$ 20,101
Cash Surrender Value - Life Insurance Converted to Pledges Receivable	\$ -	\$ 138,115
Right of Use Operating Lease Asset Acquired Through Operating Lease Liability	\$ 28,555	\$ -
Increase in Accounts Receivable for Insurance Proceeds from Casualty Loss	\$ 71,701	\$ -

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

JEWISH FEDERATION OF DELAWARE, INC.
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (UTILIZED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,758,296	\$ (3,502,084)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Utilized) by Operating Activities		
Depreciation	533,520	533,407
Realized Gain on Endowment Investments	(303,665)	(629,860)
Unrealized Loss (Gain) on Endowment Investments	(948,770)	3,670,959
Realized Gain on Other Investments	(2,688)	-
Unrealized Gain on Other Investments	(6,432)	-
Fee Income - Allocated from Investments Held for Others	(103,465)	(117,696)
Gain on Insurance Proceeds	(451,346)	-
Decrease (Increase) in Cash Surrender Value - Life Insurance	(18,959)	57,033
Change in Assets		
Pledges Receivable	132,688	(433,279)
Accounts Receivable	(19,922)	(10,454)
Grants Receivable	(243,300)	-
Prepaid Expenses	(55,912)	8,570
Change in Liabilities		
Allocations Payable	(99,937)	100,970
Accounts Payable and Accrued Expenses	38,100	(7,398)
Deferred Revenue	(7,670)	(3,730)
NET CASH PROVIDED (UTILIZED) BY OPERATING ACTIVITIES	\$ 200,538	\$ (333,562)

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Change in Accounting Principle - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and provides additional key disclosures about leasing agreements. In accordance with Topic 842, the Federation, as a lessee, classified its leasing arrangements as operating leases or finance leases in accordance with Topic 842.

Operating Leases - For operating leases, the Federation is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. The Federation recognizes a single lease cost, allocated over the lease term on a straight-line basis in the statements of activities. The Federation classifies all cash payments within operating activities in the statements of cash flows.

Finance Leases - For finance leases, the Federation is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. The Federation recognizes interest on the lease liability separately from the amortization of the right-of-use asset in the statements of activities. The Federation classifies repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statements of cash flows.

The Federation adopted the standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the reporting period of adoption). A right-of-use operating lease asset and a lease liability were recognized in the amount of \$28,555 on July 1, 2022. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Change in Accounting Principle - Continued

The Federation has elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Federation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Federation elected the practical expedient to not separate lease and non-lease components.

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

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

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

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Revenue Recognition for Contracts with Customers - Continued

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

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

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

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

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

Conditional contributions, grants, and promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

In-Kind Donations - Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Federation does not sell contributed goods. In addition, to contributed nonfinancial assets, volunteers contribute time to program services and administrative activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022.

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

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

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

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

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Income Taxes - Continued

Income not related to the Federation's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Federation has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of June 30, 2023 and 2022.

The federal informational returns of the Federation for the years ended June 30, 2021, 2022, and 2023, are subject to examination by the tax authorities, generally for three years after they were filed.

Advertising - Advertising costs are charged to operations when incurred.

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

Allowance for Uncollectible Receivables - Pledges receivable are stated net of an allowance for uncollectible accounts. The Federation estimates the allowance based on its historical experience of the relationship between actual bad debt and net amount pledged. The Federation also takes into consideration an analysis of specific donors, the age of past due amounts, and an assessment of the donor's ability to pay. The allowance for uncollectible accounts for pledges receivable was \$33,500 as of June 30, 2023 and 2022. The allowance for uncollectible accounts for pledges receivable - capital campaign was \$81,300 as of June 30, 2023 and 2022.

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Allocations Payable - The Federation awards allocations (grants) to other organizations. The allocations are recognized as an expense in the period the allocation is determined and approved by the Federation. Approval traditionally occurs at the end of the fiscal year for the subsequent year's allocations; therefore, the upcoming year's allocations are included in allocations payable on the statements of financial position.

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

NOTE 2: AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Financial Assets as of June 30		
Cash and Cash Equivalents	\$ 994,469	\$ 2,479,374
Other Investments - Certificates and Treasury Bills	1,238,876	25,449
Pledges Receivable - Annual Campaigns, Net	688,552	821,240
Pledges Receivable - Capital Campaign, Net	57,588	557,588
Accounts Receivable	284,008	24,644
Notes Receivable	99,000	158,392
Endowment Investments - at Fair Value	<u>30,215,087</u>	<u>27,729,619</u>
 Total Financial Assets as of June 30	 33,577,580	 31,796,306
Less: Those Unavailable for General Expenditures Within One Year, Due to		
Investments and Cash Held for Others	(14,249,727)	(13,430,637)
Pledges Receivable - Capital Campaign, Net	(57,588)	(557,588)
Donor Restricted - Endowment Funds in Excess of Annual Spending Policy	(8,969,084)	(7,781,564)
Board Designated - Endowment Funds in Excess of Annual Spending Policy	(7,269,400)	(6,750,075)
Board Designated for Capital Reserve	(230,576)	(1,102,547)
Donor Restricted - Purpose Restricted for Program Initiatives	(340,544)	(84,478)
Notes Expected to be Received in Future Periods Beyond One Year	<u>(99,000)</u>	<u>(158,392)</u>
 Financial Assets Available for General Expenditures Within One Year	 <u>\$ 2,361,661</u>	 <u>\$ 1,931,025</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 2: AVAILABILITY AND LIQUIDITY - CONTINUED

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

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

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2023			2022		
	At a Point in Time	Over Time	Total	At a Point in Time	Over Time	Total
Advertising Income	\$ 102,196	\$ -	\$ 102,196	\$ 106,399	\$ -	\$ 106,399
Special Events	7,194	-	7,194	16,107	-	16,107
	<u>\$ 109,390</u>	<u>\$ -</u>	<u>\$ 109,390</u>	<u>\$ 122,506</u>	<u>\$ -</u>	<u>\$ 122,506</u>

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

	2023			2022		
	Accounts Receivable	Contract Assets	Contract Liabilities	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 4,812	\$ -	\$ 7,670	\$ 908	\$ -	\$ 11,400
End of Year	8,408	-	-	4,812	-	7,670

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 4: INVESTMENT INCOME (LOSS)

The following tables detail the components of investment income (loss) for endowment investments for the years ended June 30:

	2023		
	Cost	Fair Value	Appreciation
Balance - End of Year	\$ 25,609,030	\$ 30,215,087	\$ 4,606,057
Balance - Beginning of Year	24,924,483	27,729,619	2,805,136
Increase in Unrealized Appreciation			1,800,921
Less: Increase in Net Unrealized Gains - Held for Others			852,151
Unrealized Gain			948,770
Realized Net Gain			303,665
Net Gain on Investments			1,252,435
Interest			157,833
Dividends			191,062
Investment Fees			(65,327)
Total Investment Income, Net			\$ 1,536,003
	2022		
	Cost	Fair Value	Appreciation
Balance - End of Year	\$ 24,924,483	\$ 27,729,619	\$ 2,805,136
Balance - Beginning of Year	24,816,000	34,724,214	9,908,214
Decrease in Unrealized Appreciation			(7,103,078)
Less: Decrease in Net Unrealized Gains - Held for Others			(3,432,119)
Unrealized Loss			(3,670,959)
Realized Net Gain			629,860
Net Loss on Investments			(3,041,099)
Interest			126,571
Dividends			266,725
Investment Fees			(56,992)
Total Investment Loss, Net			\$ (2,704,795)

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 4: INVESTMENT INCOME (LOSS) - CONTINUED

The following tables detail the components of investment income (loss) for other investments for the years ended June 30:

	2023		
	Cost	Fair Value	Appreciation
Other Investments - Certificates and Treasury Bills	\$ 1,232,444	\$ 1,238,876	\$ 6,432
	2022		
	Cost	Fair Value	Appreciation
Other Investments - Certificates and Treasury Bills	\$ 25,449	\$ 25,449	\$ -
	2023		
	Cost	Fair Value	Appreciation
Balance - End of Year	\$ 1,232,444	\$ 1,238,876	\$ 6,432
Balance - Beginning of Year	25,449	25,449	-
Increase in Unrealized Appreciation			6,432
Realized Net Gain			2,688
Net Gain on Investments			9,120
Interest			23,476
Total Investment Income, Net			\$ 32,596

NOTE 5: FAIR VALUE MEASUREMENTS

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

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

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 5: FAIR VALUE MEASUREMENTS - CONTINUED

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

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

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

	2023			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Other Investments - Certificates and Treasury Bills	\$ 1,238,876	\$ 1,238,876	\$ -	\$ -
Endowment Investments				
Mutual Bond Funds	6,647,308	6,647,308	-	-
Mutual Equity Funds	23,417,779	23,417,779	-	-
Israel Bonds	150,000	-	150,000	-
Total Endowment Investments	30,215,087	30,065,087	150,000	-
Cash Surrender Value				
Life Insurance	328,242	-	328,242	-
Total Assets	<u>\$ 31,782,205</u>	<u>\$ 31,303,963</u>	<u>\$ 478,242</u>	<u>\$ -</u>
Liabilities				
Investments Held for Others	<u>\$ 14,249,727</u>	<u>\$ -</u>	<u>\$ 14,249,727</u>	<u>\$ -</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 5: FAIR VALUE MEASUREMENTS - CONTINUED

	2022			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Other Investments - Certificates and Treasury Bills	\$ 25,449	\$ 25,449	\$ -	\$ -
Endowment Investments				
Mutual Bond Funds	6,359,640	6,359,640	-	-
Mutual Equity Funds	21,214,979	21,214,979	-	-
Israel Bonds	155,000	-	155,000	-
Total Endowment Investments	27,729,619	27,574,619	155,000	-
Cash Surrender Value				
Life Insurance	309,283	-	309,283	-
Total Assets	<u>\$ 28,064,351</u>	<u>\$ 27,600,068</u>	<u>\$ 464,283</u>	<u>\$ -</u>
Liabilities				
Investments Held for Others	<u>\$ 13,430,637</u>	<u>\$ -</u>	<u>\$ 13,430,637</u>	<u>\$ -</u>

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

NOTE 6: PLEDGES RECEIVABLE

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

	2023	2022
Annual Pledges (Less than One Year)	\$ 722,052	\$ 854,740
Less: Estimated Uncollectible Amounts	<u>(33,500)</u>	<u>(33,500)</u>
	<u>\$ 688,552</u>	<u>\$ 821,240</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 6: PLEDGES RECEIVABLE - CONTINUED

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

The Federation was the owner of a \$500,000 life insurance policy whose proceeds were pledged to reduce any outstanding capital campaign debt upon the death of the insured. During the year ended June 30, 2022, upon the death of the insured, the full death benefit was included in campaign pledges receivable. During August 2022, the Federation received the pledged insurance proceeds.

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

	2023		2022	
	Amount of Pledge	Net Present Value	Amount of Pledge	Net Present Value
Within 1 Year	\$ 138,888	\$ 138,888	\$ 638,888	\$ 638,888
1 Year to 5 Years	-	-	-	-
	<u>\$ 138,888</u>	<u>138,888</u>	<u>\$ 638,888</u>	<u>638,888</u>
Less: Allowance for Uncollectibles		<u>(81,300)</u>		<u>(81,300)</u>
		<u>\$ 57,588</u>		<u>\$ 557,588</u>

NOTE 7: INTENTIONS TO GIVE

As of June 30, 2023, the Federation had been designated as a charitable organization under two Charitable Remainder Unitrusts (CRUTs). The trust agreements clearly state that the donors have the right to substitute other organizations as beneficiaries. Since these CRUTs do not meet criteria for revenue recognition under FASB ASC 958, they are not reflected as contributions in the statements of activities until the funds are distributed.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 8: PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 634,486	\$ 634,486
Land Improvements	173,232	173,232
Buildings and Improvements	23,145,323	24,063,549
Furniture and Fixtures	1,244,349	746,818
	25,197,390	25,618,085
Less: Accumulated Depreciation	(15,085,642)	(15,525,493)
Property and Equipment - Net	\$ 10,111,748	\$ 10,092,592

NOTE 9: LOAN RECEIVABLE

In February 2016, the Federation entered into a loan agreement with Albert Einstein Academy. The terms of the agreement include an effective interest rate commensurate with the interest assessed to the Federation on certain bank debt due by the Federation. During October 2022, the maturity date was extended from June 2023 to December 2026. The outstanding balance was \$99,000 and \$158,392 as of June 30, 2023 and 2022, respectively.

NOTE 10: LOAN PAYABLE

The loan payable consists of a working capital line of credit of \$2,000,000 bearing interest at the 30-day LIBOR plus 185 basis points through May 31, 2023. Beginning June 1, 2023, the 30-day LIBOR was replaced with the SOFR. The line's interest rate was 7.01% and 3.54% as of June 30, 2023 and 2022, respectively. The loan requires interest-only payments monthly with the balance due in full at maturity in March 2024. The loan is secured by a first mortgage on the property at 101 Garden of Eden Road, all assets of the Federation, and assignment of rents and leases. The outstanding balance was \$99,000 and \$612,015 as of June 30, 2023 and 2022, respectively.

As of June 30, 2023, future maturities were as follows:

2024	\$ 99,000
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JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to Endowment Spending Policy and Appropriations		
Endowment Funds Restricted for Specific Purposes	\$ 9,045,212	\$ 7,865,614
Legacy Funds Restricted to Specific Agencies	<u>193,614</u>	<u>178,604</u>
Subject to Endowment Spending Policy and Appropriations	<u>9,238,826</u>	<u>8,044,218</u>
Subject to Expenditure for Specified Purpose		
Purpose Restricted for Program Initiatives		
Holocaust Education - Committee	25,704	23,028
Kutz Grant Office Furniture	2,806	13,800
Kutz Grant Software JFF	6,000	12,000
Kutz Connect	15,000	-
Kutz Sidewalk Repairs	13,000	-
Harold Grinspoon Foundation PJ Library	1,500	-
Delaware Community Reinvestment	243,300	-
Dignity Grows	18,022	27,443
Parkwood for Leadership	5,905	7,127
Beau Biden Leadership	3,785	-
Richard Levine Community Leadership	4,442	-
Ukraine Crisis Fund	<u>1,080</u>	<u>1,080</u>
Purpose Restricted for Program Initiatives	<u>340,544</u>	<u>84,478</u>
Total Donor Restricted Net Assets	<u>\$ 9,579,370</u>	<u>\$ 8,128,696</u>

Net assets with donor restrictions include endowment funds subject to spending policy and appropriation (Note 16) with cumulative endowment gifts of \$5,241,765 and \$4,479,276 as of June 30, 2023 and 2022, respectively.

NOTE 12: PENSION

The Federation provides retirement benefits to its employees through a defined contribution plan covering all employees, at least 21 years of age, who have completed at least one year of service and work a minimum of 1,000 hours per year. For the years ended June 30, 2023 and 2022, the Federation contributed 5% and 4%, respectively, of the employees' gross salaries to the pension fund; employees may contribute additional amounts at their discretion. The Federation's contributions to the plan amounted to \$24,811 and \$24,461 for the years ended June 30, 2023 and 2022, respectively.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 13: CONCENTRATION OF CREDIT RISK

The Federation maintains cash balances at several local financial institutions. As of June 30, 2023 and 2022, the Federal Deposit Insurance Corporation (FDIC) insured deposit accounts up to \$250,000 per institution. At various times during the year, certain amounts may exceed the insured limits. Uninsured balances as of June 30, 2023 and 2022, were \$349,988 and \$1,935,036, respectively.

NOTE 14: COMMITMENTS

During the year ended June 30, 2022, the Federation entered into a construction contract for HVAC replacement and repairs totaling \$239,900. As of June 30, 2023, the remaining committed balance totaled \$135,475 and is expected to be incurred during the year ending June 30, 2024.

During the year ended June 30, 2023, the Federation entered into a contract for property management services. As of June 2023, the Federation had commitments of approximately \$702,000 which are expected to be incurred during the years ending June 30, 2024 through 2025.

NOTE 15: AGENCY SPACE LEASES

As of January 1, 2023, the Federation entered into one-year operating leases with the Bernard & Ruth Siegel Jewish Community Center (JCC) of Wilmington, Jewish Family Services of Delaware, and Albert Einstein Academy (Agencies) for space in the Harry and Jeanette Weinberg Jewish Community Campus Building (Building).

As of August 15, 2022, the Federation entered into a ten-month operating lease with Bais Chana High School for space in the Building.

The Facilities Management Board (FMB) reviews the budget for repairs, maintenance, and utility costs for the upcoming year related to the Building. Rent is determined based upon the approved budget and the related Agencies' square foot usage. All rental payments are used for general building and utilities maintenance. If building expenses in any year exceed rental income for that year plus prior year residuals, if any, the excess will be recovered through increased rent in the subsequent year. If income exceeds expenses, surplus dollars will be returned to the lessee through rent reduction. Rental income totaled \$1,381,711 and \$1,267,334 for the years ended June 30, 2023 and 2022, respectively.

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 15: AGENCY SPACE LEASES - CONTINUED

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

2024	<u>\$ 740,598</u>
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As of December 15, 2011, the Federation entered into a 50-year ground lease with The Milton & Hattie Kutz Home, Inc. for \$10. The lease allows for four additional, separate, consecutive 10-year renewal periods.

NOTE 16: ENDOWMENT FUNDS

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

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 16: ENDOWMENT FUNDS - CONTINUED

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 9,238,826	\$ 9,238,826
Board-Designated Endowment Funds	7,239,290	-	7,239,290
Total	<u>\$ 7,239,290</u>	<u>\$ 9,238,826</u>	<u>\$ 16,478,116</u>

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 8,044,218	\$ 8,044,218
Board-Designated Endowment Funds	6,980,100	-	6,980,100
Total	<u>\$ 6,980,100</u>	<u>\$ 8,044,218</u>	<u>\$ 15,024,318</u>

Change in endowment net assets for the years ended June 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2022	\$ 6,980,100	\$ 8,044,218	\$ 15,024,318
Investment Return			
Interest and Dividend Income	139,954	185,465	325,419
Investment Fees	(65,327)	-	(65,327)
Net Gain - Realized and Unrealized	534,030	718,405	1,252,435
Total Investment Return	<u>608,657</u>	<u>903,870</u>	<u>1,512,527</u>
Contributions	<u>999,771</u>	<u>762,489</u>	<u>1,762,260</u>
Appropriation of Endowment Assets for Expenditure	<u>(1,590,237)</u>	<u>(334,217)</u>	<u>(1,924,454)</u>
Fee Income (Expense)	<u>240,999</u>	<u>(137,534)</u>	<u>103,465</u>
Endowment Net Assets - June 30, 2023	<u>\$ 7,239,290</u>	<u>\$ 9,238,826</u>	<u>\$ 16,478,116</u>

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 16: ENDOWMENT FUNDS - CONTINUED

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2021	\$ 8,910,172	\$ 9,823,703	\$ 18,733,875
Investment Return			
Interest and Dividend Income	179,848	213,449	393,297
Investment Fees	(56,992)	-	(56,992)
Net Loss - Realized and Unrealized	<u>(1,358,883)</u>	<u>(1,682,216)</u>	<u>(3,041,099)</u>
Total Investment Return	<u>(1,236,027)</u>	<u>(1,468,767)</u>	<u>(2,704,794)</u>
Contributions	<u>1,030,973</u>	<u>175,501</u>	<u>1,206,474</u>
Appropriation of Endowment Assets for Expenditure	<u>(1,997,303)</u>	<u>(331,630)</u>	<u>(2,328,933)</u>
Fee Income (Expense)	<u>272,285</u>	<u>(154,589)</u>	<u>117,696</u>
Endowment Net Assets - June 30, 2022	<u>\$ 6,980,100</u>	<u>\$ 8,044,218</u>	<u>\$ 15,024,318</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Federation to retain as a fund of perpetual duration. As of June 30, 2023 and 2022, a deficiency of this nature existed in one donor-restricted endowment fund, which has an original gift value of \$100,000, a current value of \$94,628 and \$82,238 respectively, and deficiency of \$5,372 and \$17,762, respectively. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the initial contribution to establish the fund and continued appropriation for certain programs deemed prudent by the Federation.

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

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 16: ENDOWMENT FUNDS - CONTINUED

Investment Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy - Unless otherwise specified in an endowment fund's agreement, the Federation has a policy of appropriating for distribution each year an amount based on a percentage of its endowment fund's average fair value over the prior 12 quarters' rolling average in which the distribution is planned. The approved distribution percentage for the years ended June 30, 2023 and 2022, was 3%. In establishing this policy, the Federation considers the long-term expected return on its endowment, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The spending policy is reviewed regularly by the Board of Directors to allow its endowment funds to grow annually while maintaining the purchasing power of the endowment assets as well as to provide additional growth through new gifts and investment return.

NOTE 17: LEASE AGREEMENTS AS LESSEE

The Federation leases office equipment under agreements that are classified as operating leases. The leases expire in various periods through February 2027. Rental expense under the operating lease agreements was \$7,488 during the year ended June 30, 2023.

As of June 30, 2023, future minimum lease payments under noncancelable leases with terms greater than one year are as follows:

	Operating Leases
2024	\$ 7,488
2025	6,732
2026	5,220
2027	3,915
Total Future Minimum Lease Payments	23,355
Less: Amount Representing Imputed Interest	1,384
Present Value of Future Minimum Lease Payments	21,971
Less: Current Maturities	7,488
Lease Obligations - Net of Current Maturities	\$ 14,483

JEWISH FEDERATION OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 17: LEASE AGREEMENTS AS LESSEE - CONTINUED

The following are required lease disclosures as of and for the year ended June 30, 2023:

Cash Paid for Amounts in the Measurement of Lease Liabilities	
Operating Cash Flows for Operating Leases	<u>\$ 7,488</u>
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	<u>\$ 28,555</u>
Operating Lease Cost	<u>\$ 7,488</u>
Weighted-Average Remaining Lease Term - Operating Leases	3.40 Years
Weighted-Average Discount Rate - Operating Leases	4.00%

The Federation leased an apartment unit located at Garden of Eden apartments that terminated in March 2023. Required monthly payments were \$1,335 and \$1,125 during the years ended June 30, 2023 and 2022, respectively.

During the year ended June 30, 2023, the Federation began leasing an apartment unit located in Wilmington, Delaware. The lease has an initial term of one year and afterwards may be renewed on a month-to-month basis. Required monthly payments were \$1,595 during the year ended June 30, 2023.

NOTE 18: RELATED-PARTY TRANSACTIONS

As of June 30, 2023, Bernard & Ruth Siegel Jewish Community Center (JCC) owed the Federation a total of \$183,042 for construction expenses disbursed on behalf of JCC. This amount is included in accounts receivable on the statement of financial position for the year ended June 30, 2023.

NOTE 19: NET BUILDING INSURANCE PROCEEDS

The Federation suffered casualty losses during October 2022 and June 2023. The Federation recognized a loss on disposal of assets resulting from these casualties in the amount of \$174,005 during the year ended June 30, 2023. During the year ended June 30, 2023, the Federation received \$553,650 in insurance proceeds and recognized a receivable in the amount of \$71,701.

NOTE 20: RECLASSIFICATION

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.



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Independent Auditors' Report on Additional Information

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

We have audited the financial statements of the Jewish Federation of Delaware, Inc. as of and for the years ended June 30, 2023 and 2022, and our report thereon dated December 15, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of allocations, schedules of donor-restricted endowment funds, supplemental statements of financial position of the Jewish Fund for the Future, and supplemental statements of activities of the Jewish Fund for the Future, as of and for the years ended June 30, 2023 and 2022, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the information marked "unaudited" on the schedules of allocations, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Belfint, Lyons & Shuman, P.A.

December 15, 2023
Wilmington, Delaware

JEWISH FEDERATION OF DELAWARE, INC.
SCHEDULES OF ALLOCATIONS
JUNE 30, 2023 AND 2022

	2023	2022
ACCRUED ALLOCATIONS PAYABLE		
<u>NATIONAL AGENCIES</u>		
Jewish Council for Public Affairs (JCPA)	\$ 1,200	\$ 1,200
Jewish Communal Services Association (JPRO)	500	500
Leket Israel National Food Bank	5,000	5,000
<u>OVERSEAS AGENCIES</u>		
Jewish Federations of North America and Other Overseas Initiatives	530,630	570,379
Birthright Israel	15,000	18,776
<u>LOCAL ALLOCATIONS</u>		
Albert Einstein Academy	133,200	126,037
Siegel Jewish Community Center	219,996	234,996
Hillel Center at University of Delaware	90,000	101,500
Jewish Family Services of Delaware	90,000	100,000
Jewish Historical Society	5,000	5,000
Rehoboth Beach Festival	1,000	1,000
Seaside Jewish Community	3,425	5,000
Chabad at the University of Delaware	7,500	8,500
Milton and Hattie Kutz Home, Inc.	104,000	125,000
B'nai B'rith Youth Organization	3,000	6,500
CBS Dover	3,000	3,000
	1,212,451	1,312,388
COMMITTED ALLOCATIONS NOT ACCRUED {b}		
<u>OVERSEAS AGENCIES</u>		
Jewish Federations of North America - Mission and Programming	3,000	15,000
<u>LOCAL ALLOCATIONS</u>		
Community Outreach	212,017	222,850
Board Jewish Education and Identity Initiatives {a}	16,962	30,000
	231,979	267,850
TOTAL ALLOCATIONS	\$ 1,444,430	\$ 1,580,238

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

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

JEWISH FEDERATION OF DELAWARE, INC.
SCHEDULES OF DONOR-RESTRICTED ENDOWMENT FUNDS
JUNE 30, 2023 AND 2022

	2023	2022
Endowment Funds Restricted for Specific Purposes		
Lion of Judah Endowment (LOJE) Funds	\$ 670,912	\$ 633,357
JFD Legacy Funds	328,380	266,790
Perpetual Annual Campaign Endowment (PACE) Funds	644,406	625,742
Hillel at University of Delaware	61,324	52,263
Adult Education	38,205	35,119
Eldercare	11,287	10,723
Delaware Jewish Agencies	1,714,575	952,268
Holocaust Education	473,512	433,021
Teen Philanthropy	9,234	8,983
Jerusalem Education	37,148	34,148
Kutz Home	118,915	114,029
Community and Leadership	559,967	524,679
Capital Maintenance	2,399,428	2,296,993
Educational Loans	77,308	71,065
General Israel Orphan	1,479	1,360
Fine Arts and Music	146,530	150,022
Women of Valor	6,577	6,045
Scholarship Funds	984,139	945,482
Science Education	5,426	5,482
JFD Programmatic Support	756,460	698,043
Endowment Funds Restricted for Specific Purposes	9,045,212	7,865,614
Legacy Funds Restricted to Specific Agencies		
Bernard and Ruth Siegel Jewish Community Center	10,264	9,648
Jewish Family Services	69,069	64,926
Kristol Center for Jewish Life (Hillel)	12,284	11,485
Milton and Hattie Kutz Home	8,677	8,157
Chabad	1,085	1,020
Temple Beth El	53,085	49,801
Multiple Designation Funds	39,150	33,567
Legacy Funds Restricted to Specific Agencies	193,614	178,604
Total Donor-Restricted Endowment Funds	\$ 9,238,826	\$ 8,044,218

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 184,514	\$ 416,053
Investments at Fair Value		
Equity Securities	23,417,779	21,214,979
Fixed Income Securities	6,647,308	6,359,640
Israel Bonds	150,000	155,000
	30,215,087	27,729,619
Cash Surrender Value - Life Insurance	328,242	309,283
TOTAL ASSETS	\$ 30,727,843	\$ 28,454,955

LIABILITIES AND NET ASSETS

LIABILITIES	\$ -	\$ -
TOTAL LIABILITIES	-	-
NET ASSETS		
Jewish Federation of Delaware, Inc.	16,478,116	15,024,318
Others	14,249,727	13,430,637
TOTAL NET ASSETS	30,727,843	28,454,955
TOTAL LIABILITIES AND NET ASSETS	\$ 30,727,843	\$ 28,454,955

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Total</u>	<u>Funds Managed For</u>	
		<u>Jewish Federation of Delaware, Inc.</u>	<u>Other</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions/Grant Revenue	\$ 2,424,266	\$ 1,762,260	\$ 662,006
Fee Income	103,465	103,465	-
Interest	279,250	157,833	121,417
Dividends	343,272	167,586	175,686
Investment Fees	(65,327)	(65,327)	-
Realized Gain	586,983	303,665	283,318
Unrealized Gain	1,800,921	948,770	852,151
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>5,472,830</u>	<u>3,378,252</u>	<u>2,094,578</u>
EXPENSES			
Grant and Other Program Disbursements	2,900,326	1,728,303	1,172,023
Salaries	148,401	148,401	-
Employee Benefits and Payroll Taxes	23,027	23,027	-
Fee Expense	103,465	-	103,465
Professional Fees	17,466	17,466	-
Office Expenses	7,257	7,257	-
TOTAL EXPENSES	<u>3,199,942</u>	<u>1,924,454</u>	<u>1,275,488</u>
CHANGE IN NET ASSETS	2,272,888	1,453,798	819,090
NET ASSETS - Beginning of Year	<u>28,454,955</u>	<u>15,024,318</u>	<u>13,430,637</u>
NET ASSETS - End of Year	<u>\$ 30,727,843</u>	<u>\$ 16,478,116</u>	<u>\$ 14,249,727</u>

JEWISH FUND FOR THE FUTURE
SUPPLEMENTAL STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Total</u>	<u>Funds Managed For</u>	
		<u>Jewish Federation of Delaware, Inc.</u>	<u>Other</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions/Grant Revenue	\$ 1,436,280	\$ 1,206,474	\$ 229,806
Fee Income	117,696	117,696	-
Interest	241,691	126,571	115,120
Dividends	511,564	266,726	244,838
Investment Fees	(56,992)	(56,992)	-
Realized Gain	1,207,695	629,860	577,835
Unrealized Gain	<u>(7,103,078)</u>	<u>(3,670,959)</u>	<u>(3,432,119)</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>(3,645,144)</u>	<u>(1,380,624)</u>	<u>(2,264,520)</u>
EXPENSES			
Grant and Other Program Disbursements	2,925,630	2,126,380	799,250
Salaries	141,347	141,347	-
Employee Benefits and Payroll Taxes	22,188	22,188	-
Fee Expense	117,696	-	117,696
Professional Fees	14,294	14,294	-
Marketing and Promotion	2,520	2,520	-
Office Expenses	22,184	22,184	-
Meetings and Travel	<u>20</u>	<u>20</u>	<u>-</u>
TOTAL EXPENSES	<u>3,245,879</u>	<u>2,328,933</u>	<u>916,946</u>
CHANGE IN NET ASSETS	(6,891,023)	(3,709,557)	(3,181,466)
NET ASSETS - Beginning of Year	<u>35,345,978</u>	<u>18,733,875</u>	<u>16,612,103</u>
NET ASSETS - End of Year	<u>\$ 28,454,955</u>	<u>\$ 15,024,318</u>	<u>\$ 13,430,637</u>