Minneapolis Jewish Federation and Subsidiaries

Consolidated Financial Statements

December 31, 2023 and 2022

Table of Contents
December 31, 2023 and 2022

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Schedules of Statements of Financial Position	30
Consolidating Schedules of Statements of Activities	32

Independent Auditors' Report

To the Board of Directors of
Minneapolis Jewish Federation and Subsidiaries

Opinion

We have audited the consolidated financial statements of Minneapolis Jewish Federation and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 30 through 33 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the Organization and its subsidiaries, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Minneapolis, Minnesota
June 5, 2024

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets		
Cash and cash equivalents	$ 10,796	$ 5,354
Restricted cash and cash equivalents	5	109
Investments	176,785	161,957
Gifts receivable, net:		
Annual campaign	1,138	1,316
Special community campaigns	3,639	2,723
Other	33	188
Loans receivable, net	207	217
Interest receivable	458	406
Split-interest agreements:		
Beneficial interest in perpetual trust	9,375	9,375
Charitable gift annuities	3,906	3,665
Interest in charitable trusts held by others	4	4
Pooled income funds held in charitable trusts by others	87	81
Receivable from termed charitable trust	231	250
Property and equipment, net of accumulated depreciation	15,136	12,834
Construction-in-progress	257	538
Other assets	739	1,441
Total assets	$ 222,796	$ 200,458
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,224	$ 432
Allocations and contributions payable:		
Beneficiary organizations	4,393	3,931
Jewish Federations of North America	3,596	4,122
Israel emergency campaign beneficiary organizations	6,047	-
Leases at below-market rates	4,569	4,869
Agency funds payable	39,895	34,216
Other liabilities	505	377
Deferred income under pooled income agreements	57	55
Obligations under split-interest agreements	2,326	2,403
Total liabilities	62,612	50,405
Net Assets		
Without donor restrictions	141,427	130,502
With donor restrictions	18,757	19,551
Total net assets	160,184	150,053
Total liabilities and net assets	$ 222,796	$ 200,458

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statement of Activities
Year Ended December 31, 2023
(In thousands of dollars)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public support:			
Campaigns, contributions and other	$ 15,820	$ 327	$ 16,147
Special community campaigns	11,025	425	11,450
	26,845	752	27,597
Program and other revenue:			
Interest and dividends, net of fees	4,353	120	4,473
Net realized gain on investments	463	48	511
Net unrealized gain on investments	8,379	923	9,302
Change in value of split-interest agreements	(114)	-	(114)
Rental income	1,680	-	1,680
Other operating revenue	636	-	636
Total program and other revenue	15,397	1,091	16,488
Net assets released from restrictions	2,637	(2,637)	-
Total support and revenue	44,879	(794)	44,085
Expense			
Program services:			
Annual campaign allocations	6,482	-	6,482
Special community campaigns grants	12,290	-	12,290
Contribution for leases at below-market rates	96	-	96
Community services	4,708	-	4,708
Other grants and contributions	5,913	-	5,913
Total program services	29,489	-	29,489
Supporting services:			
Management and general:			
Administrative expense	877	-	877
Building administration	1,040	-	1,040
Provision for uncollectible gifts and loans, change in discount	315	-	315
Fundraising	2,233	-	2,233
Total supporting services	4,465	-	4,465
Total expense	33,954	-	33,954
Change in net assets	10,925	(794)	10,131
Net Assets, Beginning	130,502	19,551	150,053
Net Assets, Ending	$ 141,427	$ 18,757	$ 160,184

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statement of Activities
Year Ended December 31, 2022
(In thousands of dollars)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public support:			
Campaigns, contributions and other	$ 13,043	$ 679	$ 13,722
Special community campaigns	150	599	749
	13,193	1,278	14,471
Program and other revenue:			
Interest and dividends, net of fees	2,752	62	2,814
Net realized gain (loss) on investments	28,944	(2,523)	26,421
Net unrealized gain (loss) on investments	(44,445)	1,673	(42,772)
Change in value of split-interest agreements	(92)	(1)	(93)
Rental income	1,661	-	1,661
Loss on sale of property and equipment	(32)	-	(32)
Other operating revenue	428	-	428
Total program and other revenue	(10,784)	(789)	(11,573)
Net assets released from restrictions	1,775	(1,775)	-
Total support and revenue	4,184	(1,286)	2,898
Expense			
Program services:			
Annual campaign allocations	6,501	-	6,501
Special community campaigns grants	894	-	894
Contribution for leases at below-market rates	96	-	96
Community services	3,984	-	3,984
Other grants and contributions	5,993	-	5,993
Total program services	17,468	-	17,468
Supporting services:			
Management and general:			
Administrative expense	915	-	915
Building administration	1,053	-	1,053
Interest expense	7	-	7
Provision for uncollectible gifts and loans, change in discount	597	-	597
Fundraising	2,083	-	2,083
Total supporting services	4,655	-	4,655
Total expense	22,123	-	22,123
Change in net assets	(17,939)	(1,286)	(19,225)
Net Assets, Beginning	148,441	20,837	169,278
Net Assets, Ending	$ 130,502	$ 19,551	$ 150,053

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Statement of Functional Expenses
Year Ended December 31, 2023
(In thousands of dollars)

	Program Services			Supporting Services			
				Management and General			
	Campaign Allocations	Other Contributions	Community Services	Federation	Building	Fundraising	Total
Grants							
Annual campaign allocations	$ 6,482	$ -	$ -	$ -	$ -	$ -	$ 6,482
Special community campaigns grants	-	-	12,290	-	-	-	12,290
Other grants and contributions	-	5,913	-	-	-	-	5,913
Contribution for leases at below-market rates	-	96	-	-	-	-	96
Other Expenses							
Employee expenses	-	-	1,246	548	384	1,685	3,863
Professional fees	-	-	184	98	-	88	370
Supplies	-	-	6	39	-	78	123
Telephone	-	-	-	6	-	2	8
Postage	-	-	8	1	-	25	34
Occupancy	-	-	1,822	-	2	-	1,824
Equipment and repairs	-	-	14	93	-	17	124
Publications and advertising	-	-	28	7	-	44	79
Global experiences and travel	-	-	852	7	-	1	860
Conferences, meetings and membership	-	-	190	29	-	187	406
Depreciation	-	-	-	48	649	-	697
Other	-	-	358	1	5	106	470
Total other expenses	-	-	4,708	877	1,040	2,233	8,858
Provision for uncollectible gifts and loans, change in discount	-	-	-	315	-	-	315
Total expenses	$ 6,482	$ 6,009	$ 16,998	$ 1,192	$ 1,040	$ 2,233	$ 33,954

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Statement of Functional Expenses
Year Ended December 31, 2022
(In thousands of dollars)

	Program Services			Supporting Services			
				Management and General			
	Campaign Allocations	Other Contributions	Community Services	Federation	Building	Fundraising	Total
Grants							
Annual campaign allocations	$ 6,501	$ -	$ -	$ -	$ -	$ -	$ 6,501
Special community campaigns grants	-	-	894	-	-	-	894
Other grants and contributions	-	5,993	-	-	-	-	5,993
Contribution for leases at below-market rates	-	96	-	-	-	-	96
Other Expenses							
Employee expenses	-	-	1,151	511	362	1,531	3,555
Professional fees	-	-	152	169	-	170	491
Supplies	-	-	6	24	-	86	116
Telephone	-	-	-	4	-	1	5
Postage	-	-	2	1	-	12	15
Occupancy	-	-	1,795	-	197	-	1,992
Equipment and repairs	-	-	15	119	-	19	153
Publications and advertising	-	-	29	20	-	43	92
Global experiences and travel	-	-	373	7	-	68	448
Conferences, meetings and membership	-	-	188	37	-	107	332
Depreciation	-	-	-	23	494	-	517
Other	-	-	273	-	-	46	319
Total other expenses	-	-	3,984	915	1,053	2,083	8,035
Interest expense	-	-	-	7	-	-	7
Provision for uncollectible gifts and loans, change in discount	-	-	-	597	-	-	597
Total expenses	$ 6,501	$ 6,089	$ 4,878	$ 1,519	$ 1,053	$ 2,083	$ 22,123

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ 10,131	$ (19,225)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	697	517
Provision for uncollectible gifts and loans	30	35
Loss on sale of property and equipment	-	32
Change in value of split-interest agreements	114	93
Contribution expense for leases at below-market rates	96	96
Imputed rental revenue from contributed lease	(396)	(396)
Gifts written off	213	576
Contributions received restricted to investment in endowment funds	(21)	(6)
Net unrealized loss (gain) on investments	(9,302)	42,772
Net realized loss (gain) on investments	(511)	(26,421)
Change in assets and liabilities:		
Gifts receivable	(825)	629
Interest receivable	(52)	5
Other assets	701	(145)
Accounts payable and accrued expenses	569	18
Allocations and contributions payable	5,983	(293)
Other liabilities	128	(130)
Net cash flows from operating activities	7,555	(1,843)
Cash Flows From Investing Activities		
Purchase of property and equipment	(2,495)	(794)
Net change in split-interest and pooled income agreements	(215)	688
Loans disbursed	(50)	(176)
Payments received on loan receivable	61	117
Contributions to agency funds	8,249	12,896
Distributions from agency funds	(2,570)	(14,478)
Purchases of investments	(25,726)	(18,450)
Proceeds on sale of investments	20,711	21,105
Net cash flows from investing activities	(2,035)	908
Cash Flows From Financing Activities		
Payments made under split-interest agreements	(203)	(203)
Proceeds from draws on line of credit	-	136
Repayment on line of credit	-	(1,068)
Contributions received restricted for investment in endowment funds	21	6
Net cash flows from financing activities	(182)	(1,129)
Net change in cash and cash equivalents	5,338	(2,064)
Cash, Cash Equivalents and Restricted Cash, Beginning	5,463	7,527
Cash, Cash Equivalents and Restricted Cash, Ending	$ 10,801	$ 5,463
Supplemental Disclosures of Cash Flow Information		
Interest paid during the year	$ -	$ 7
Noncash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	$ 224	$ -

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Organization

Minneapolis Jewish Federation (the Organization) is a nonprofit organization that promotes a culture of Jewish philanthropy, leverages financial and professional resources to meet local and global Jewish needs, and facilitates community planning to ensure a thriving and secure future at home, in Israel and around the world.

The consolidated financial statements of the Organization include Minnesota Jewish Community Foundation, LLC (MJCF), The Jewish Community Building Corporation (JCBC), JCF Condo Holdings, LLC (JCFCH), and four supporting organizations. In September 2021, the Organization formed MJCF, a single member Minnesota nonprofit limited liability company of which the Organization is the sole member, to hold the assets and perform all the responsibilities of the former Jewish Community Foundation (JCF), which was created by the action of the Board of Directors and was not a separate legal entity. In January 2022, all assets of JCF were transferred to MJCF. JCBC is a wholly owned subsidiary of the Organization, organized for the purpose of holding real estate assets for the Organization. JCFCH, whose sole member is the Organization, was organized to hold and sell real estate. The four supporting organizations of the Organization were formed to fund both the Organization and charities whose missions are supported by the Organization. The Organization appoints a majority of the board members for these supporting organizations.

On March 26, 2024 pursuant to an Amended and Restated Operating Agreement, the name of JCFCH was changed from “JCF Condo Holdings, LLC” to “MJF Fiscal Sponsor, LLC” and the Business Purpose was expanded to engage in any lawful act or activity for which limited liability companies may be formed under the Minnesota Revised Uniform Limited Liability Company Act, Chapter 322C of the Minnesota Statutes. In April 2024, one of the supporting organizations was dissolved and its assets were transferred to a new Donor Advised Fund held by MJCF.

Principles of Consolidation

The consolidated financial statements herein include the consolidated operations of the Organization, MJCF, JCBC, JCFCH, and four supporting organizations. Intercompany transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or the passage of time or maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Board Designated Net Assets - The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. See Note 12 for designations.

Public support and program and other revenues are reported as increases in net assets without donor restrictions unless the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor-imposed restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed and/or board appropriation) are reported as reclassifications between the two classes of net assets; however, donor-imposed restricted gifts whose restrictions are met within the same year as received are recorded directly to net asset without donor restrictions.

Reclassifications

Certain amounts in the prior period consolidated financial statements have been reclassified to conform to the presentation of the current period consolidated financial statements. These reclassifications had no effect on the previously reported net assets or total change in net assets.

Cash and Cash Equivalents

The Organization considers all money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the consolidated statement of cash flows include restricted cash and cash equivalents. At times the balance may exceed federally insured limits.

Restricted Cash and Cash Equivalents

In June 2020, the Organization launched the Kadima: Build Our Future Campaign (Kadima Campaign) for the Minneapolis Jewish community. The Kadima Campaign is a community-wide effort to support the Jewish communal ecosystem being impacted by the COVID-19 pandemic and advance the local Jewish community in important ways, while making critical investments in community security. The Kadima Campaign ended on December 31, 2021 and the Shomrim Campaign was launched to continue seeking support for community security. Donations received for these campaigns are restricted for grants related to each campaign; thus, the Organization has elected to separately classify them in the consolidated statements of financial position as restricted cash.

Investments

Investments consist primarily of debt and equity securities and mutual funds. Investments in marketable debt and equity securities and mutual funds are carried at fair value based on quoted market prices. Certain investments held by the Organization in alternative structures, which consist of investments in private equity and hedge funds, real estate funds and corporate bonds, are estimated by the respective investment managers as market values are not readily determinable. In accordance with the accounting standards, other investments held by the Organization's supporting organizations are reported at estimated fair value as provided by the supporting organizations using the most recent financial information, or for nonpublicly traded equity investments for which a fair value could not be reasonably determined are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Organization has approximately $71 as of December 31, 2023 and $112 as of December 31, 2022, in nonpublicly traded equity investments within the supporting organizations that are reported at cost. The Organization also has approximately $2,100, as of December 31, 2023 and 2022 invested in a real estate partnership that is reported at cost.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the market volatility with certain investment securities, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements.

Gifts Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are recorded at fair value at such time the related condition is met, and indications of intentions to give are not recorded until such time that the gift is received. The gifts are reported as support within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time 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 statements of activities as net assets released from restrictions. Donor-restricted gifts whose restrictions are met within the same year as received are reported as contributions within net assets without donor restrictions in the accompanying consolidated financial statements. Gifts with donor stipulations that the corpus be maintained in perpetuity are recorded as net assets with donor restrictions. Unconditional promises to give due in subsequent years are reflected as gifts receivable and are recorded at the present value of the expected future cash flows.

Allowance for Uncollectible Gifts

The balance in the allowance for uncollectible gifts is based on management's analysis of unpaid gifts and reflects an amount that, in management's judgment, is adequate to provide for losses after giving consideration to past experience, current economic conditions, and other factors deserving current recognition.

Loans Receivable

The loans receivable consist of unsecured noninterest bearing notes with maturities through 2027. The Organization provides an allowance for uncollectible loans using a specific identification method.

Split Interest Agreements

Beneficial Interest in Perpetual Trust - The Organization is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the Organization. The Organization has an irrevocable right to an 18.75% interest in the net income of the trust. The Organization's interest in the trust is recorded at fair value and is classified as net assets with donor restrictions. Distributions received from the trust are not donor restricted and are recorded in net assets without donor restriction. The change in market value is recorded as within net assets with donor restrictions in the consolidated statements of activities.

Charitable Gift Annuities - The Organization has issued charitable gift annuity agreements. Under these agreements, a donor contributes assets to the Organization in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is recorded as obligations under split-interest agreements on the consolidated statements of financial position and is revalued annually using a discount rate established at the inception of each agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as change in value of split-interest agreements in the consolidated statements of activities.

Interest in Charitable Trusts Held by Others - Assets are recorded for the net present value of future cash flows from charitable remainder trusts held by others. The Organization will receive these assets upon the death of the beneficiaries. The annuity liability is recorded as obligations under split-interest agreements on the consolidated statements of financial position and is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and trust recipient payments are reported as change in value of split-interest agreements in the consolidated statements of activities.

Pooled Income Funds Held in Charitable Trust by Others - The Organization has pooled income funds in a charitable trust, which are held by and administered through an arrangement with the Jewish Federations of North America. These arrangements provide for investment of a donor's life income gifts in a fund combined with the gifts of other donors in which the donor is to receive a life interest in any income earned on these funds. Upon the donor's death, the value of the fund is available to the Organization absent donor restrictions. The funds are stated at their fair value as of December 31, 2023 and 2022. Deferred revenue is recorded on pooled income agreements to represent the amount of the discount for future interest. The liability is calculated as the difference between the fair value of the pooled income funds and the actuarially determined net present value of these assets.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Expenditures for renewal and betterments are capitalized. Repair and maintenance costs are charged to expense. Gifts of long-lived assets such as land, buildings, or equipment retained by the Organization are recorded at fair value at the date of donation. 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 support within net assets with donor restrictions. 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 in service.

Construction-in-progress is stated at cost, which relates to the cost of property and tenant leasehold improvements not yet placed into service. No depreciation expense is recorded on construction-in-progress until such time as the relevant assets are completed and put into use.

Interest is capitalized in connection with the construction of facilities to the extent the project is funded by debt or by operations with outstanding debt. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's useful life.

The Organization generally capitalizes property and equipment expenditure over $5. Depreciation is calculated on a straight-line basis over the estimated useful lives of the underlying assets, ranging from 3 to 10 years for the various elements of furniture and equipment, 15 years for building systems, and 40 years for buildings and improvements.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Allocations and Contributions Payable

The Organization has commitments to fund beneficiary organizations, the Jewish Federations of North America and Special Community Campaign organizations. The payables are recorded when approved by the Organization's Board of Directors.

Agency Funds Payable

The Organization follows accounting guidance regarding transfer of assets to a nonprofit that raises or holds contributions for others. Agency transactions are not reported as contribution revenues or grant distributions in the consolidated statements of activities unless the Organization has variance power with respect to the determination of the beneficiary. Variance power is the unilateral ability to redirect the use of the transferred assets to another beneficiary.

Special Community Campaigns

In October 2023, the Organization launched the Israel Emergency and later renamed Tikvatenu Campaign (Tikvatenu Campaign) to raise funds to support organizations both in Israel and locally being impacted by the Israel-Hamas War. The Kadima Campaign and Tikvatenu Campaign are collectively referred to as “Special Community Campaigns.”

Functional Allocation of Expenses

Expenses are specifically allocated to the various programs and supporting services whenever practical and, when this is impractical, allocations for certain salaries and other indirect departmental expense are made on the basis of best estimates of management of the amount of time and resources spent.

Advertising Expenses

Advertising costs are expensed when incurred. Advertising costs were approximately $17 and $14 for the years ended December 31, 2023 and 2022, respectively.

Fair Value of Financial Instruments

Investments are carried at fair value, based upon quoted market values or estimated fair value as determined by the general partner and the fund's manager. Assets for split-interest agreements are reported at fair value based on the fair value of the underlying investments. Deferred income under pooled income agreements and obligations under split-interest agreements are reported at fair value based on life expectancy of the beneficiary and the present value of expected cash flows using a discount rate.

Fair Value Measurements

The Organization has categorized its assets measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. Level 1 assets of the Organization include corporate stocks and mutual funds.

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; and

- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Investments valued using Level 2 inputs include corporate bonds and government obligations.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Investments valued using Level 3 inputs include Israel bonds, pooled income funds, interests in charitable trusts held by others and beneficial interest in perpetual trust.

Uniform Prudent Management of Institutional Funds Act

During 2008, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of Minnesota. In August 2008, accounting guidance was released, which provided guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA and enhanced disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered donor restricted.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of the consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Tax Exempt Status

The Organization received authority from the Internal Revenue Service (IRS) to operate as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and JCBC is exempt under Section 501(c)(25) of the IRC. The supporting organizations included in these consolidated financial statements are also exempt from income taxes under Section 501(c)(3) of the IRC. However, any unrelated business income may be subject to taxation. The Organization is not currently under examination by any taxing jurisdiction. JCFCH and MJCF are a wholly owned limited liability corporations of the Organization and all activities are included in the filings of the Organization.

The Organization has adopted a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy describes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December 31, 2023 and 2022, respectively. The Organization's tax returns are subject to review and examination by federal, state, and local authorities.

Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the consolidated statements of activities because the criteria for recognition have not been satisfied.

Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13*, Measurement of Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. For financial instruments included in the scope, the CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Organization adopted the ASU using the modified retrospective approach. The adoption of ASU 2016-13 had no material impact on the consolidated financial statements for the year ended December 31, 2023.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 5, 2024, the date the consolidated financial statements were available to be issued.

(In thousands of dollars)

2. Liquidity and Availability

The following table reflects the Organization's financial assets as of the December 31, 2023 and 2022 consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date. Amounts not available include amounts in the endowment set aside for long-term investment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowments, designated or board-restricted funds for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2023	2022
Financial assets at year end	$ 206,664	$ 185,645
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor for time or purpose restrictions	(2,608)	(3,216)
Subject to appropriation and satisfaction of donor restrictions	(15,299)	(14,942)
Investments held in charitable trusts and obligations under split-interest agreements	(13,400)	(13,171)
Restricted cash and cash equivalents	(5)	(109)
Funds held for outside agencies	(39,895)	(34,216)
Loans receivable	(147)	(181)
Donor advised funds and designated funds	(79,111)	(68,452)
Supporting organizations	(10,924)	(10,447)
Board designated funds	(1,869)	(3,504)
Financial assets available to meet cash needs for general expenditures within one year	$ 43,406	$ 37,407

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $5,000, which it could draw upon (See Note 8).

(In thousands of dollars)

3. Investments

A summary of investments by type at December 31 is as follows:

	2023	2022
Cash and cash equivalents (cost)	$ 5,088	$ 6,469
Corporate stocks and equity mutual funds	66,448	68,624
Bond mutual funds	54,129	42,938
Israel bonds	923	939
Interest in real estate partnership (cost)	2,137	2,137
Pooled income funds held by others, underlying investments in:		
Cash and cash equivalents	1	1
Corporate stocks and equity mutual funds	35	33
Corporate bonds and bond mutual funds	51	47
Alternative investments, underlying investments in:		
Private equity and hedge funds	36,424	25,645
Equity, debt and debt securities	2,690	6,348
Real estate funds	400	481
Investment held by supporting organizations:		
Cash and cash equivalents (cost)	898	623
Bond mutual funds	7,306	186
Corporate stocks and equity mutual funds	2,660	8,233
Alternative investments, underlying investments in, Private equity and hedge funds	557	1,890
Other (cost)	1,031	1,109
Total	$ 180,778	$ 165,703

Investments are included in the following asset categories on the consolidated statements of financial position as of December 31:

	2023	2022
Investments	$ 176,785	$ 161,957
Charitable gift annuities	3,906	3,665
Pooled income funds held in charitable trust by others	87	81
	$ 180,778	$ 165,703

(In thousands of dollars)

4. Fair Value Measurements

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of year ended December 31, 2023:

	2023			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	$ 66,448	$ -	$ -	$ 66,448
Bond mutual funds	54,129	-	-	54,129
Israel bonds	-	-	923	923
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	1	1
Corporate stocks and equity mutual funds	-	-	35	35
Corporate bonds and bond mutual funds	-	-	51	51
Investment held by supporting organizations:				
Corporate stocks and equity mutual funds	2,660			2,660
Bond mutual funds	7,306			7,306
Beneficial interest in perpetual trust	-	-	9,375	9,375
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	235	235
Total	$ 130,543	$ -	$ 10,620	141,163
Investments held at NAV				40,000
Total				$ 181,163

(In thousands of dollars)

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of year ended December 31, 2022:

	2022			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	$ 68,624	$ -	$ -	$ 68,624
Bond mutual funds	42,938	-	-	42,938
Israel bonds	-	-	939	939
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	1	1
Corporate stocks and equity mutual funds	-	-	33	33
Corporate bonds and bond mutual funds	-	-	47	47
Investment held by supporting organizations:				
Corporate stocks and equity mutual funds	8,233	-	-	8,233
Bond mutual funds	186	-	-	186
Beneficial interest in perpetual trust	-	-	9,375	9,375
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	254	254
Total	$ 119,981	$ -	$ 10,649	130,630
Investments held at NAV				34,252
Total				$ 164,882

Below is a reconciliation of total investments per the statements of financial position to the assets reported at fair market value above as of December 31, 2023 and 2022:

	2023	2022
Investments from Note 3	$ 180,778	$ 165,703
Beneficial interest in Perpetual Trust	9,375	9,375
Interest in Charitable Trust Held by Others	4	4
Receivable from Termed Charitable Trust	231	250
Less:		
Investments at cost	(3,239)	(3,358)
Cash and cash equivalents included in investments	(5,986)	(7,092)
Total assets at fair market value	$ 181,163	$ 164,882

(In thousands of dollars)

Level 3 Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended December 31, 2023:

	Beneficial Interest in Perpetual Trust	Pooled Income Funds	Israel Bonds	Interest in Charitable Trusts Held by Others	Total
Balance, January 1, 2023	$ 9,375	$ 81	$ 939	$ 254	$ 10,649
Net realized and unrealized gains (losses)	-	6	2	-	8
Purchases	-	-	35	-	35
Distributions	-	-	(53)	-	(53)
Changes in value of split-interest agreements	-	-	-	(19)	(19)
Balance, December 31, 2023	$ 9,375	$ 87	$ 923	$ 235	$ 10,620

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended December 31, 2022:

	Beneficial Interest in Perpetual Trust	Pooled Income Funds	Israel Bonds	Interest in Charitable Trusts Held by Others	Total
Balance, January 1, 2022	$ 9,375	$ 95	$ 926	$ 277	$ 10,673
Net realized and unrealized gains	-	(14)	13	-	(1)
Purchases	-	-	-	-	-
Distributions	-	-	-	-	-
Changes in value of split-interest agreements	-	-	-	(23)	(23)
Balance, December 31, 2022	$ 9,375	$ 81	$ 939	$ 254	$ 10,649

(In thousands of dollars)

Fair value measurements of investments in certain entities that calculate net asset value (NAV) per share (or its equivalent) as of December 31, 2023 and 2022:

	Net Asset Value December 31, 2023	Net Asset Value December 31, 2022	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Alternative investments, underlying investments in:					
Private equity and hedge funds	$ 8,281	$ 7,792	$ -	Semi-Annual	95 days
Private equity and hedge funds	7,408	6,806	-	Quarterly	90 days
Private equity and hedge funds	20,735	11,047	2,224	Not Available*	Not Available
Real estate funds	400	481	250	Not Available**	Not Available
Equity, debt and debt securities	1,388	5,030	-	Quarterly***	65 days
Equity, debt and debt securities	1,302	1,318	150	Not Available*	Not Available
Investment held by supporting organizations					
Equity hedge fund	-	1,140	-	Quarterly	60 days
Alternative investments	172	237	-	Not Available*	Not Available
Alternative investments	313	401	-	Quarterly	45 days

* Redemption upon the request of the shareholders is not available

** Redemption of the investment is unavailable for two years due to a lockout period

*** Redemption amount limited to 25% per quarter upon full redemption

Alternative investments, such as investments in private markets and hedge funds, may include investment funds in private companies. Private markets investments seek to earn a higher return in exchange for limited liquidity and can include both debt and equity positions. Hedge funds seek returns by accessing investment opportunities that are unavailable to traditional investments. Compared to traditional investments, hedge funds can use leverage, hold more concentrated positions, employ shorts and derivatives, as well as invest in private securities, real assets and structured products. The fair value of the investment in this category is estimated using the NAV per share of the investment.

The equity, debt and debt securities funds attempt to generate stable, predictable returns with relatively low correlation to the broader debt and equity markets. The funds seeks capital appreciation and current income by investing in value-oriented, event-driven debt and equity securities with an emphasis on debt instruments. The Organization values positions using the NAV.

The equity hedge fund and alternative investments held by supporting organizations include investments in international private equity companies. The equity hedge fund invests in a master fund which seeks superior capital appreciation through the construction of an investment portfolio comprised of a variety of proprietary investment strategies. The fair value of the investments in this category is estimated using the NAV per share of the investment.

(In thousands of dollars)

5. Gifts Receivable, Net

Gifts receivable at December 31, 2023 were received in conjunction with the Annual and Special community campaigns as well as other fundraising activities:

	Annual Campaign and Other	Special Community Campaigns
2024 and beyond Annual campaigns	$ 91	$ -
2023 Annual campaign	2,533	-
Prior year's Annual campaigns	1,214	-
Special community campaigns	-	3,894
Other	54	-
Total	3,892	3,894
Estimated commitment from MJCF (eliminated in consolidation)	(1,644)	(36)
Discount on long-term gifts receivable	-	(96)
Allowance for uncollectible gifts	(1,077)	(124)
Gifts receivable, net	$ 1,171	$ 3,638

Gifts receivable at December 31, 2022 were received in conjunction with the Annual and Special community campaigns as well as other fundraising activities:

	Annual Campaign and Other	Special Community Campaigns
2023 and beyond Annual campaigns	$ 225	$ -
2022 Annual campaign	2,258	-
Prior year's Annual campaigns	1,076	-
Special community campaigns	-	3,445
Other	209	-
Total	3,768	3,445
Estimated commitment from MJCF (eliminated in consolidation)	(1,186)	(532)
Discount on long-term gifts receivable	-	(168)
Allowance for uncollectible gifts	(1,077)	(22)
Gifts receivable, net	$ 1,505	$ 2,723

(In thousands of dollars)

Annual campaigns, Special community campaigns, and other gifts receivable as of December 31, 2023 are anticipated to be collected as follows:

	Annual Campaign and Other	Special Community Campaigns
Amounts due in:		
Less than one year	$ 2,157	$ 2,736
One year to five years	91	1,122
Total	2,248	3,858
Discount on long-term gifts receivable	-	(96)
Allowance for uncollectible gifts	(1,077)	(124)
Gifts receivable, net	$ 1,171	$ 3,638

Long-term gifts have been recognized at present value by using a discount rate equivalent to the US Treasury Bill rate of 4.72% in 2023 and 4.47% in 2022, which is considered a risk-free rate of return.

6. Loans Receivable

Unsecured loans receivable consist of the following at December 31:

	2023	2022
Torah Academy	$ -	$ 324
Related party (see Note 14)	187	176
Hillel	-	41
Sholom Community Alliance	-	21
J-HAP	20	41
Total gross loans receivable	207	603
Less allowance for uncollectible amounts	-	(386)
Net loans receivable	$ 207	$ 217

As of December 31, 2023 and 2022, approximately 0% and 64%, respectively, of the gross loans receivable are considered past due loans and have been reserved for in the allowance for uncollectible amounts.

(In thousands of dollars)

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Land	$ 3,922	$ 3,922
Building and improvements	20,459	17,468
Furniture and equipment	220	212
Construction-in-progress	257	538
Subtotal	24,858	22,140
Accumulated depreciation	(9,465)	(8,768)
Total	$ 15,393	$ 13,372

8. Line of Credit

On February 4, 2021, the Organization entered into a $17,500 line of credit facility with a bank consisting of one $5,000 note and one $12,500 note:

1. The $5,000 note has an interest rate of the Wall Street Journal published prime rate less 1.65% and a maturity of May 31, 2025. There was no balance on this note at December 31, 2023 and 2022.

2. The $12,500 note has an interest rate of the Wall Street Journal published prime rate less 0.75% and a maturity of January 31, 2024. Advances on this note are limited by a borrowing base of the Special Community Campaigns gifts receivable. In April 2023, the note was amended and the amount was reduced to $1,000. There was no balance on this note as of December 31, 2023 and 2022.

Both notes are secured by substantially all assets of the Organization and contain various restrictive covenants including the incurrence of other debt, default on other obligations and achievement of a financial covenant.

9. Split-Interest Agreements

The Organization has entered into various charitable remainder trusts, charitable gift annuities and pooled income arrangements with donors.

Charitable remainder trusts, charitable gift annuities, and pooled income arrangements obligate the Organization to make payments to the annuitants and trust recipients for the remainder of their lives. A liability has been recorded equal to the present value of the estimated future obligations.

The various deferred gift obligations have various imputed interest rates. IRS life expectancy tables are utilized to determine life expectancies. Liabilities under split-interest agreements totaled $2,326 and $2,403 at December 31, 2023 and 2022, respectively.

Split-interest agreements include losses in the change in value of split-interest agreements of $114 and $93 during the years ended December 31, 2023 and 2022, respectively.

(In thousands of dollars)

10. Retirement Plans

The Organization maintains a defined contribution plan for essentially all employees of the Organization. The Organization made contributions of $55 and $50 during the years ended December 31, 2023 and 2022, respectively.

The Organization has a deferred compensation agreement with one former employee. At December 31, 2023 and 2022, approximately $300 was vested under the agreement and has been fully funded through a life insurance policy with cash surrender value. The Organization made the second of ten annual equal payments in December 2023. The liability recorded related to this agreement was $190 at December 31, 2023 and 2022.

11. Allocations and Contributions Payable

The Organization has commitments to fund beneficiary organizations and the Jewish Federations of North America. The Board of Directors, following the conclusion of the annual fundraising campaign, approves these allocations. During the year ended December 31, 2023, the Organization also had commitments to fund organizations related to the Tikvatenu Campaign.

These allocations and contributions payable are included as liabilities on the consolidated statement of financial position as of December 31:

	2023	2022
Beneficiary organizations	$ 4,393	$ 3,931
Jewish Federations of North America	3,596	4,122
Israel Emergency campaign beneficiary organizations	6,047	-
Total	$ 14,036	$ 8,053

12. Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the following purposes at December 31:

	2023	2022
Minnesota Jewish Community Foundation, donor advised and designated funds (JCF in 2022)	$ 95,871	$ 85,715
Minnesota Jewish Community Foundation, Organization funds without donor restrictions (JCF in 2022)	15,409	13,182
Supporting organization funds	11,724	11,247
Board designated for real estate	2,453	4,680
Board designated for technology and other	60	53
Undesignated	15,910	15,625
Total net assets without donor restrictions	$ 141,427	$ 130,502

(In thousands of dollars)

13. Net Assets With Donor Restrictions

Net assets are released from donor restrictions when a purpose restriction is fulfilled or through the passage of time, other than donor-restricted gifts whose restrictions are met within the same year as received.

Certain of the Organization's net assets with donor restrictions are restricted for investment in perpetuity. Income earned on these assets is expended according to donor stipulations. The balances of the net assets restricted for investment in perpetuity and the purposes the income is expendable to support as of December 31 are disclosed in the table below.

Net assets with donor restrictions are available for the following purpose or time at December 31:

	2023	2022
Special Community Campaigns	$ 2,010	$ 2,851
Minnesota Jewish Community Foundation, donor-restricted amounts (JCF in 2022)	2,463	2,425
Following year campaign	144	117
Other restricted gifts	144	148
JCBC	225	261
Subtotal net assets with donor restrictions, restricted for purpose or time	4,986	5,802
Beneficial interest in perpetual trust	9,375	9,375
Restricted for specific purpose by donors	76	59
General purposes of the Organization	4,320	4,315
Subtotal net assets with donor restrictions, restricted in perpetuity	13,771	13,749
Total net assets with donor restrictions	$ 18,757	$ 19,551

14. Related Parties

The Organization serves as the central planning, budgeting, and fundraising organization for the Jewish community. To the extent that there may be overlapping directorates between the Organization and other charitable organizations that it funds, related party relationships may exist between the Organization and these beneficiary organizations. The Organization has adopted a conflict of interest policy for its Board of Directors and staff members. In certain cases, members of the Board may also serve on the boards or participate in the management of entities that provide services to the Organization.

On April 1, 2022, the Organization entered into a new employment agreement with the Organization's Chief Executive Officer (CEO). As part of the consideration of employment, the personal residence loan in the original amount of $120 and mortgage guarantee of $424 provided in the prior employment agreement remained in full force and effect. The loan has an interest rate of 4.0%, matures on March 26, 2024, and has annual principal and interest repayments. The loan balance was $48 at December 31, 2023 and 2022. As additional consideration of employment, the Organization provided a personal loan facility not to exceed $200. This loan facility has an interest rate of 2.0%, matures on March 31, 2027, and has annual principal and interest repayments. The loan facility balance was $135 and $125 at December 31, 2023 and 2022, respectively. The loan, mortgage guarantee, and loan facility are secured by a second mortgage on the CEO's personal residence.

15. Significant Concentration of Credit Risk

Approximately 18% and 21% of the Organization's gifts receivable balance is from one donor as of December 31, 2023 and 2022, respectively.

Approximately 23% of contribution revenue was from four donors for the year ended December 31, 2023, and 26% was from three donors for the year ended December 31, 2022.

16. Barry Family Campus

JCBC entered into leases with the three primary tenants of the Barry Family Campus (the Campus). The rental payments under two of the leases have been determined by the Organization to be below fair value. Consequently, JCBC records a contribution expense for these tenants of the Campus and a below-market lease liability for the estimated fair value of the rent over the term of each lease and amortizes the liability over the remaining term of each lease. The Organization recorded an expense of $96 related to one of these existing below-market leases for both December 31, 2023 and December 31, 2022.

17. Endowment

Since December 22, 1980, there has been in effect a policy statement adopted by the Organization's Board of Directors, which was also adopted by MJCF's Board of Governors on January 20, 2022. Under the terms of the policy statement, which is incorporated into the Organization's and MJCF’s agreements with donors, the Board of Directors has the power to modify or eliminate any donor-imposed condition, limitation, or restriction on any contribution if one or more of the conditions, limitations, or restrictions become impracticable or impossible to fulfill. This power is referred to as the "variance power." Because the variance power allows the Board of Directors to eliminate donor-imposed restrictions under certain limited circumstances, most of the Organization's and MJCF's funds that are administered as endowment funds are not donor restricted endowment funds within the meaning of UPMIFA for financial reporting purposes.

Net assets with donor restrictions to be held in perpetuity represent the portion of each gift that the Organization or MJCF has concluded must be retained permanently in accordance with explicit donor stipulations or, in the absence of such stipulations, must be retained permanently consistent with the relevant law. Donor-restricted endowment funds are not classified as net assets with donor restrictions to be held in perpetuity if the Organization or MJCF has determined that its variance power applies to the funds.

Net assets without donor restrictions represent the portion of funds subject to the spending rate that are available for support of the programs and operations of the Organization or MJCF.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of such fund. These differences resulted from unfavorable market fluctuations that occurred after the investment of new contributions to the endowment funds and continued appropriation for certain programs that were deemed prudent by the Board of Directors. These differences are reported in net assets with donor restrictions. There were no endowment funds that had fallen below such recorded values as of December 31, 2023 and 2022.

(In thousands of dollars)

Return Objectives and Risk Parameters

MJCF in 2022 and JCF in 2021, offered donors a choice of investment pools: the Short-Term Income Pool, the Long-Term Growth and Income Pool, the Jewish Advocacy Investment Pool and the Israel Bonds Pool. The Short-Term Income Pool seeks a modest degree of income by investing primarily in a combination of short to intermediate term bond funds. The primary objective is for the preservation of principal. The Long-Term Growth and Income Pool seeks to provide for real growth by achieving a total return, net of investment management fees, equal to or greater than spending, administrative expenses and inflation. This pool is most appropriate for funds that distribute a small proportion of the fund balance each year or will make no distributions for a number of years before beginning to make allocations. The Jewish Advocacy Investment Pool seeks to primarily provide for the long-term growth of principal by investing in US Large Cap Equity companies that align with the definition of Jewish values, This pool is most appropriate for donors who plan to distribute a small proportion of the fund balance each year and will make no distributions for a number of years, The Israel Bonds Pool seeks to support the State of Israel by investing solely in the direct debt obligations of Israel. An investment in this Pool is appropriate for those donors who wish to support the State of Israel by investing in sovereign debt. Investments in this pool are illiquid, and the Pool will hold each Israel bond until its maturity.

Strategies for Achieving Objectives

JCF through 2021 and MJCF thereafter, believe the achievement of investment returns should be viewed in a long-term context. Investments are made to balance the goals of achieving desirable long-term results while maintaining the liquidity necessary to meet donor-advised distribution requests based upon the general governing philosophy of (a) achieving long-term growth of assets while preserving capital, (b) targeting investment strategies that demonstrate the ability to generate consistent long-term results, and (c) earning the highest total return that is prudently possible consistent with the risk tolerance deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The general practice for JCF in 2022 and MJCF in 2023 is to distribute to the Annual campaign up to 5% each calendar year of the twelve-quarter average market value of its endowment funds as of the most recent quarterly close before the Annual campaign year ends, provided such a distribution does not reduce the value of the fund below the amount restricted by donor to be held in perpetuity. This is consistent with their objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The following is a summary of endowment funds subject to UPMIFA in net assets with donor restrictions for the year ended December 31, 2023:

Endowment net assets, January 1, 2023	$ 6,101
Investment income, net	183
Net realized and unrealized loss on investments	571
Contributions	22
Appropriations of endowment assets for expenditures	(347)
Endowment net assets, December 31, 2023	$ 6,530

(In thousands of dollars)

The following is a summary of endowment funds subject to UPMIFA in net assets with donor restrictions for the year ended December 31, 2022:

Endowment net assets, January 1, 2022	$	7,176
Investment income, net		62
Net realized and unrealized loss on investments		(850)
Contributions		6
Appropriations of endowment assets for expenditures		(293)
Endowment net assets, December 31, 2022	$	6,101

18. Contingency

The Organization received a loan in April 2020 in the amount of $520 under the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration, authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was forgiven in January 2021. The SBA reserves the right to audit any PPP loan and the audit may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

19. Operating Leases

The Organization was leasing office space under a non-cancelable operating lease with a non-related party. In January 2022, the Organization exercised its option to terminate the lease effective July 31, 2022, which required payment of an early termination fee, and relocated its offices into a building owned by JCBC. Rent expense was charged to operations as incurred except for escalating base rents, which were charged to operations on a straight-line basis over the term of the lease. Total lease expense, including the early termination fee, was $168 for the year ending December 31, 2022.

The Organization leases a portion of the Barry Family Campus space to multiple unrelated parties who pay a base rent. Rental income under these leases totaled $740 and $714 for the years ended December 31, 2023 and 2022, respectively.

Future lease receipts as of December 31, 2023 are as follows:

Years ending December 31:		
2024	$	826
2025		841
2026		841
2027		867
Thereafter		3,266
Total	$	6,641

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Financial Position
December 31, 2023
(In thousands of dollars)

	Federation (Including JCFCH)	MJCF	JCBC	Supporting Organizations	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 6,858	$ 3,933	$ 5	$ -	$ -	$ 10,796
Restricted cash and cash equivalents	5	-	-	-	-	5
Investments	8,604	156,625		11,724	(168)	176,785
Due from related parties	112,710	-	1,560	-	(114,270)	-
Gifts receivable, net:						
Annual campaign	1,138	-	-	-	-	1,138
Special community campaigns	3,639	-	-	-	-	3,639
Other	33	-	-	-	-	33
Loans receivable, net	207	-	-	-	-	207
Interest receivable	458	-	-	-	-	458
Split-Interest agreements:						
Beneficial interest in perpetual trust	9,375	-	-	-	-	9,375
Charitable gift annuities	-	3,906	-	-	-	3,906
Interest in charitable trusts held by others	4	-	-	-	-	4
Pooled income funds held in charitable trusts by others	87	-	-	-	-	87
Receivable from termed charitable trust	231	-	-	-	-	231
Property and equipment, net of accumulated depreciation	870	-	14,266	-	-	15,136
Construction-in-progress	-	-	257	-	-	257
Other assets	242	496	1	-	-	739
Total assets	$ 144,461	$ 164,960	$ 16,089	$ 11,724	$ (114,438)	$ 222,796
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	$ 688	690	$ 14	$ -	$ (168)	1,224
Allocations and contributions payable:						
Beneficiary organizations	4,393	-	-	-	-	4,393
Jewish Federations of North America	3,596	-	-	-	-	3,596
Israel emergency campaign beneficiary organizations	6,047	-	-	-	-	6,047
Leases at below-market rates	-	-	4,569	-	-	4,569
Due to related parties	-	112,975	1,295	-	(114,270)	-
Agency funds payable	-	39,895	-	-	-	39,895
Other liabilities	505	-	-	-	-	505
Deferred income under pooled income agreements	-	57	-	-	-	57
Obligations under split-interest agreements	144	2,182	-	-	-	2,326
Total liabilities	15,373	155,799	5,878	-	(114,438)	62,612
Net Assets						
Without donor restrictions	117,495	2,222	9,986	11,724	-	141,427
With donor restrictions	11,593	6,939	225	-	-	18,757
Total net assets	129,088	9,161	10,211	11,724	-	160,184
Total liabilities and net assets	$ 144,461	$ 164,960	$ 16,089	$ 11,724	$ (114,438)	$ 222,796

Minneapolis Jewish Federation and Subsidiaries
Consolidating Schedule for the Statement of Financial Position
December 31, 2022
(In thousands of dollars)

	Federation (Including JCF and JCFCH)	MJCF	JCBC	Supporting Organizations	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 4,206	$ 991	$ 157	$ -	$ -	$ 5,354
Restricted cash and cash equivalents	109	-	-	-	-	109
Investments	7,383	143,486	-	11,247	(159)	161,957
Due from related parties	112,805	-	352	-	(113,157)	-
Gifts receivable, net:						
Annual campaign	1,316	-	-	-	-	1,316
Special community campaigns	2,723	-	-	-	-	2,723
Other	188	-	-	-	-	188
Loans receivable, net	217	-	-	-	-	217
Interest receivable	406	-	-	-	-	406
Split-interest agreements						
Beneficial interest in perpetual trust	9,375	-	-	-	-	9,375
Charitable gift annuities	-	3,665	-	-	-	3,665
Interest in charitable trusts held by others	4	-	-	-	-	4
Pooled income funds	81	-	-	-	-	81
Receivable from termed charitable trust	250	-	-	-	-	250
Property and equipment, net of accumulated depreciation	15	-	12,819	-	-	12,834
Construction-in-progress	538	-	-	-	-	538
Other assets	246	1,193	2	-	-	1,441
Total assets	$ 139,862	$ 149,335	$ 13,330	$ 11,247	$ (113,316)	$ 200,458
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	$ 406	$ 170	$ 15	$ -	$ (159)	$ 432
Allocations and contributions payable:						
Beneficiary organizations	3,931	-	-	-	-	3,931
Jewish Federations of North America	4,122	-	-	-	-	4,122
Leases at below-market rates	-	-	4,869	-	-	4,869
Due to related parties	-	113,157	-	-	(113,157)	-
Agency funds payable	-	34,216	-	-	-	34,216
Other liabilities	377	-	-	-	-	377
Deferred income under pooled income agreements	-	55	-	-	-	55
Obligations under split-interest agreements	151	2,252	-	-	-	2,403
Total liabilities	8,987	149,850	4,884	-	(113,316)	50,405
Net Assets						
Without donor restrictions	118,384	(7,314)	8,185	11,247	-	130,502
With donor restrictions	12,491	6,799	261	-	-	19,551
Total net assets	130,875	(515)	8,446	11,247	-	150,053
Total liabilities and net assets	$ 139,862	$ 149,335	$ 13,330	$ 11,247	$ (113,316)	$ 200,458

Minneapolis Jewish Federation and Subsidiaries
Consolidating Schedule for the Statement of Activities
Year Ended December 31, 2023
(In thousands of dollars)

	Federation (including JCFCH)		MJCF		JCBC		Supporting Organizations			Consolidated Federation		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Eliminations	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue												
Public support:												
Campaigns, contributions and other	$ 10,836	$ 349	$ 10,776	$ 21	$ 2,070	$ 541	$ -	$ -	$ (8,446)	$ 15,820	$ 327	$ 16,147
Special community campaigns	11,025	425	-	-	-	-	-	-	-	11,025	425	11,450
Total public support	21,861	774	10,776	21	2,070	541	-	-	(8,446)	26,845	752	27,597
Program and other revenue:												
Interest and dividends, net of fees	741	-	3,224	120	3	-	385	-	-	$ 4,353	$ 120	$ 4,473
Net realized gain (loss) on investments	-	-	556	48	-	-	(93)	-	-	463	48	511
Net unrealized gain on investments	-	-	7,488	923	-	-	891	-	-	8,379	923	9,302
Change in value of split-interest agreements	(18)	-	(96)	-	-	-	-	-	-	(114)	-	(114)
Rental income	-	-	-	-	1,819	-	-	-	(139)	1,680	-	1,680
Loss on sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Other operating revenue	1,278	-	407	-	-	-	-	-	(1,049)	636	-	636
Total program and other revenue	2,001	-	11,579	1,091	1,822	-	1,183	-	(1,188)	15,397	1,091	16,488
Intercompany elimination net asset allocation	43	(43)	-	-	541	(541)	-	-	-			-
Net assets released from restrictions	1,629	(1,629)	972	(972)	36	(36)	-	-	-	2,637	(2,637)	-
Total support and revenue	25,534	(898)	23,327	140	4,469	(36)	1,183	-	(9,634)	44,879	(794)	44,085
Expense												
Program services:												
Annual campaign allocations	7,023	-	-	-	-	-	-	-	(541)	6,482	-	6,482
Special community campaigns grants	12,290	-	-	-	-	-	-	-	-	12,290	-	12,290
Contribution for leases at below-market rates	-	-	-	-	96	-	-	-	-	96	-	96
Community services	2,841	-	13	-	1,854	-	-	-	-	4,708	-	4,708
Other grants and contributions	497	-	12,624	-	-	-	697	-	(7,905)	5,913	-	5,913
Total program services	22,651	-	12,637	-	1,950	-	697	-	(8,446)	29,489	-	29,489
Supporting services:												
Management and general:												
Administrative expense	859	-	989	-	69	-	9	-	(1,049)	877	-	877
Building administration	530	-		-	649	-	-	-	(139)	1,040	-	1,040
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Provision for uncollectible gifts and loans	315	-	-	-	-	-	-	-	-	315	-	315
Fundraising	2,200	-	33	-	-	-	-	-	-	2,233	-	2,233
Total supporting services	3,904	-	1,022	-	718	-	9	-	(1,188)	4,465	-	4,465
Total expense	26,555	-	13,659	-	2,668	-	706	-	(9,634)	33,954	-	33,954
Change in net assets	(1,021)	(898)	9,668	140	1,801	(36)	477	-	-	10,925	(794)	10,131
Net Assets (Deficit), Beginning	118,384	12,491	(7,314)	6,799	8,185	261	11,247	-	-	130,502	19,551	150,053
Net Assets, Transferred	132	-	(132)	-	-	-	-	-	-	-	-	-
Net Assets, Ending	$ 117,495	$ 11,593	$ 2,222	$ 6,939	$ 9,986	$ 225	$ 11,724	$ -	$ -	$ 141,427	$ 18,757	$ 160,184

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Activities
Year Ended December 31, 2022
(In thousands of dollars)

	Federation (Including JCFCH)		MJCF		JCBC		Supporting Organizations			Consolidated Federation		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Eliminations	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue												
Public support:												
Campaigns, contributions and other	$ 11,495	$ 830	$ 5,212	$ 144	$ 203	$ 327	$ -	$ -	$ (4,489)	$ 13,043	$ 679	$ 13,722
Special community campaigns	150	599	-		-	-	-	-	-	150	599	749
Total public support	11,645	1,429	5,212	144	203	327	-	-	(4,489)	13,193	1,278	14,471
Program and other revenue:												
Interest and dividends, net of fees	395	-	2,088	62	1	-	268	-	-	2,752	62	2,814
Net realized gain on investments	-	-	28,616	(2,523)	-	-	328	-	-	28,944	(2,523)	26,421
Net unrealized gain on investments	(19)	-	(41,803)	1,673	-	-	(2,623)	-	-	(44,445)	1,673	(42,772)
Change in value of split-interest agreements	(18)	(1)	(74)	-	-	-	-	-	-	(92)	(1)	(93)
Rental income	-	-	-	-	2,354	-	-	-	(693)	1,661	-	1,661
Loss on sale of property and equipment	(32)	-	-	-	-	-	-	-	-	(32)	-	(32)
Other operating revenue	1,223	-	239	-	-	-	-	-	(1,034)	428	-	428
Total program and other revenue	1,549	(1)	(10,934)	(788)	2,355	-	(2,027)	-	(1,727)	(10,784)	(789)	(11,573)
Intercompany elimination net asset allocation	504	(504)	-	-	118	(118)	-	-	-	-		
Net assets released from restrictions	1,346	(1,346)	293	(293)	136	(136)	-	-	-	1,775	(1,775)	-
Total support and revenue	15,044	(422)	(5,429)	(937)	2,812	73	(2,027)	-	(6,216)	4,184	(1,286)	2,898
Expense												
Program services:												
Annual campaign allocations	7,194	-	-	-	-	-	-	-	(693)	6,501	-	6,501
Special community campaigns grants	894	-	-	-	-	-	-	-	-	894	-	894
Contribution for leases at below-market rates	-	-	-	-	96	-	-	-	-	96	-	96
Community services	2,151	-	11	-	1,822	-	-	-	-	3,984	-	3,984
Other grants and contributions	139	-	9,484	-	-	-	859	-	(4,489)	5,993	-	5,993
Total program services	10,378	-	9,495	-	1,918	-	859	-	(5,182)	17,468	-	17,468
Supporting services:												
Management and general:												
Administrative expense	872	-	974	-	60	-	43	-	(1,034)	915	-	915
Building administration	559	-	-	-	494	-	-	-	-	1,053	-	1,053
Interest expense	7	-	-	-	-	-	-	-	-	7	-	7
Provision for uncollectible gifts and loans	597	-	-	-	-	-	-	-	-	597	-	597
Fundraising	2,049	-	34	-	-	-	-	-	-	2,083	-	2,083
Total supporting services	4,084	-	1,008	-	554	-	43	-	(1,034)	4,655	-	4,655
Total expense	14,462	-	10,503	-	2,472	-	902	-	(6,216)	22,123	-	22,123
Change in net assets	582	(422)	(15,932)	(937)	340	73	(2,929)	-	-	(17,939)	(1,286)	(19,225)
Net Assets, Beginning	126,420	20,649	-	-	7,845	188	14,176	-	-	148,441	20,837	169,278
Net Assets, Transferred	(8,618)	(7,736)	8,618	7,736	-	-	-	-	-	-	-	
Net Assets, Ending	$ 118,384	$ 12,491	$ (7,314)	$ 6,799	$ 8,185	$ 261	$ 11,247	$ -	$ -	$ 130,502	$ 19,551	$ 150,053