Minneapolis Jewish Federation and Subsidiaries

Consolidated Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

To the Board of Trustees 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, 2021 and 2020, and the related consolidated statements of activities, cash flow 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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.

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 22, 2022

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Assets		
Cash and cash equivalents	$ 7,523	$ 4,772
Restricted cash and cash equivalents	4	1,463
Investments	180,963	166,781
Pledges receivable, net:		
Annual campaign	1,373	1,523
Kadima campaign	3,949	5,672
Other	148	491
Loans receivable, net	159	177
Interest receivable	411	409
Split-interest agreements:		
Beneficial interest in perpetual trust	9,375	9,375
Charitable gift annuities	4,323	3,890
Interest in charitable trusts held by others	9	4
Pooled income funds held in charitable trusts by others	95	97
Receivable from termed charitable trust	268	287
Property and equipment, net of accumulated depreciation	13,127	13,491
Other assets	1,296	1,232
Total assets	$ 223,023	$ 209,664
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 415	$ 539
Line of credit	932	-
Allocations and contributions payable:		
Beneficiary organizations	3,955	3,090
Jewish Federations of North America	4,092	4,021
Leases at below-market rates	5,169	2,859
Kadima grants payable	300	1,251
Agency funds payable	35,798	28,178
Other liabilities	507	1,023
Deferred income under pooled income agreements	66	66
Obligations under split-interest agreements	2,511	2,433
Total liabilities	53,745	43,460
Net Assets		
Without donor restrictions	148,441	143,281
With donor restrictions	20,837	22,923
Total net assets	169,278	166,204
Total liabilities and net assets	$ 223,023	$ 209,664

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statements of Activities
Year Ended December 31, 2021
(In thousands of dollars)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public support:			
Campaigns, contributions and other	$ 14,457	$ 547	$ 15,004
Kadima campaign	1,158	103	1,261
	15,615	650	16,265
Program and other revenue:			
Interest and dividends, net of fees	2,460	28	2,488
Net realized gain on investments	4,680	234	4,914
Net unrealized gain on investments	10,221	733	10,954
Change in value of split-interest agreements	(268)	-	(268)
Rental income	898	-	898
Other operating revenue	275	-	275
Total program and other revenue	18,266	995	19,261
Net assets released from restrictions	3,731	(3,731)	-
Total support and revenue	37,612	(2,086)	35,526
Expense			
Program services:			
Annual campaign allocations	5,829	-	5,829
Kadima campaign grants	4,576	-	4,576
Contribution for leases at below-market rates	3,096	-	3,096
Community services	2,909	-	2,909
Other grants and contributions from JCF	12,164	-	12,164
Total program services	28,574	-	28,574
Supporting services:			
Management and general:			
Administrative expense	699	-	699
Building administration	1,008	-	1,008
Interest expense	17	-	17
Provision for uncollectible pledges and loans	46	-	46
Fundraising	2,108	-	2,108
Total supporting services	3,878	-	3,878
Total expense	32,452	-	32,452
Change in net assets	5,160	(2,086)	3,074
Net Assets, Beginning	143,281	22,923	166,204
Net Assets, Ending	$ 148,441	$ 20,837	$ 169,278

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Consolidated Statements of Activities
Year Ended December 31, 2020
(In thousands of dollars)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public support:			
Campaigns, contributions and other	$ 17,018	$ 349	$ 17,367
Kadima campaign	3,960	5,723	9,683
	20,978	6,072	27,050
Program and other revenue:			
Interest and dividends, net of fees	2,203	27	2,230
Net realized gain on investments	354	43	397
Net unrealized gain on investments	7,184	453	7,637
Change in value of split-interest agreements	(213)	(1)	(214)
Rental income	1,018	-	1,018
Miscellaneous	520	-	520
Other operating revenue	406	-	406
Total program and other revenue	11,472	522	11,994
Net assets released from restrictions	804	(804)	-
Total support and revenue	33,254	5,790	39,044
Expense			
Program services:			
Annual campaign allocations	5,773	-	5,773
Kadima campaign grants	3,961	-	3,961
Contribution for leases at below-market rates	96	-	96
Community services	2,855	-	2,855
Other grants and contributions from JCF	9,492	-	9,492
Total program services	22,177	-	22,177
Supporting services:			
Management and general:			
Administrative expense	829	-	829
Building administration	951	-	951
Provision for uncollectible pledges and loans	741	-	741
Fundraising	1,971	-	1,971
Total supporting services	4,492	-	4,492
Total expense	26,669	-	26,669
Change in net assets	6,585	5,790	12,375
Net Assets, Beginning	136,696	17,133	153,829
Net Assets, Ending	$ 143,281	$ 22,923	$ 166,204

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Statement of Functional Expenses
Year Ended December 31, 2021
(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	$ 5,829	$ -	$ -	$ -	$ -	$ -	$ 5,829
Kadima campaign grants	-	-	4,576	-	-	-	4,576
Other grants and contributions from JCF	-	12,164	-	-	-	-	12,164
Contribution for leases at below-market rates	-	3,096	-	-	-	-	3,096
Other Expenses							
Employee expenses	-	-	989	441	338	1,592	3,360
Professional fees	-	-	69	114	-	222	405
Supplies	-	-	5	12	-	53	70
Telephone	-	-	-	8	-	1	9
Postage	-	-	2	2	-	15	19
Occupancy	-	-	1,587	-	205	-	1,792
Equipment and repairs	-	-	17	52	-	23	92
Publications and advertising	-	-	22	2	-	44	68
Conferences, meetings and membership	-	-	69	12	-	54	135
Depreciation	-	-	-	24	465	-	489
Other	-	-	149	32	-	104	285
Total other expenses	-	-	2,909	699	1,008	2,108	6,724
Interest expense	-	-	-	17	-	-	17
Provision for uncollectible pledges and loans	-	-	-	46	-	-	46
Total expenses	$ 5,829	$ 15,260	$ 7,485	$ 762	$ 1,008	$ 2,108	$ 32,452

See notes to consolidated financial statements

Minneapolis Jewish Federation and Subsidiaries

Statement of Functional Expenses
Year Ended December 31, 2020
(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	$ 5,773	$ -	$ -	$ -	$ -	$ -	$ 5,773
Kadima campaign grants	-	-	3,961	-	-	-	3,961
Other grants and contributions from JCF	-	9,492	-	-	-	-	9,492
Contribution for leases at below-market rates	-	96	-	-	-	-	96
Other Expenses							
Employee expenses	-	-	1,005	464	319	1,544	3,332
Professional fees	-	-	436	210	-	225	871
Supplies	-	-	19	20	-	28	67
Telephone	-	-	27	7	-	2	36
Postage	-	-	3	2	-	14	19
Occupancy	-	-	701	-	210	-	911
Equipment and repairs	-	-	227	49	-	17	293
Publications and advertising	-	-	25	5	-	39	69
Global experiences and travel	-	-	81	2	-	3	86
Conferences, meetings and membership	-	-	94	16	-	44	154
Depreciation	-	-	31	52	422	-	505
Other	-	-	206	2	-	55	263
Total other expenses	-	-	2,855	829	951	1,971	6,606
Provision for uncollectible pledges and loans	-	-	-	741	-	-	741
Total expenses	$ 5,773	$ 9,588	$ 6,816	$ 1,570	$ 951	$ 1,971	$ 26,669

See notes to consolidated financial statements

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 3,074	12,375
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	489	505
Provision for uncollectible pledges and loans	46	741
Change in value of split-interest agreements	268	214
Contribution expense for leases at below-market rates	3,096	95
Imputed rental revenue from contributed lease	(786)	(95)
Contributions received restricted to investment in endowment funds	(6)	(7)
Net unrealized gain on investments	(10,955)	(7,637)
Net realized gain on investments	(4,913)	(397)
Change in assets and liabilities:		
Pledges receivable	2,170	(5,971)
Interest receivable	(2)	13
Other assets	(64)	212
Accounts payable and accrued expenses	(124)	219
Allocations and contributions payable	(16)	1,685
Other liabilities	(516)	477
Net cash flows provided by (used in) operating activities	(8,239)	2,429
Cash Flows From Investing Activities		
Purchase of property and equipment	(124)	(121)
Net change in split-interest and pooled income agreements	(433)	-
Payments received on loan receivable	18	66
Contributions to agency funds	8,964	4,024
Distributions from agency funds	(1,344)	(1,630)
Purchases of investments	(22,250)	(25,914)
Proceeds on sale of investments	23,936	14,344
Net cash flows provided by (used in) investing activities	8,767	(9,231)
Cash Flows From Financing Activities		
Payments made under split-interest agreements	(174)	(153)
Proceeds from draws on line of credit	3,419	-
Repayment on line of credit	(2,487)	-
Contributions received restricted for investment in endowment funds	6	6
Net cash flows provided by (used in) financing activities	764	(147)
Net change in cash and cash equivalents	1,292	(6,949)
Cash, Cash Equivalents and Restricted Cash, Beginning	6,235	13,184
Cash, Cash Equivalents and Restricted Cash, Ending	$ 7,527	$ 6,235
Supplemental Disclosures of Cash Flow Information		
Interest paid during the year	$ 17	$ -

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 the Jewish Community Foundation (the JCF), The Jewish Community Building Corporation (JCBC), JCF Condo Holdings, LLC (JCFCH), Minnesota Jewish Community Foundation, LLC (MJCF) and four supporting organizations. The JCF was created by action of the Board of Directors and is administered by a steering committee appointed by the President of the Organization, with the approval of the Board of Directors. The JCF is not a separate legal entity. The JCF accepts gifts for its general, special, and designated funds. It also manages donor advised funds, charitable trusts, remainder trusts, and similar grants in the interest of the community. Actions are subject to approval by the JCF Steering Committee and, when necessary, the Organization's Board of Directors. 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 JCF. As of December 31, 2021 no assets had been 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.

Principles of Consolidation

The consolidated financial statements herein include the consolidated operations of the Organization, 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 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-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. Kadima 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. Donations received for the Kadima Campaign are restricted for only Kadima Campaign grants; thus, the Organization has elected to separately classify them in the consolidated statement 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 $112 and $702 as of December 31, 2021 and 2020, respectively, 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, 2021 and 2020 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.

Pledges 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 pledges receivable and are recorded at the present value of the expected future cash flows.

Allowance for Uncollectible Pledges

The balance in the allowance for uncollectible pledges is based on management's analysis of unpaid pledges 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 2022. 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 percent 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 statement 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 statement 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 statement 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 statement 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 statement 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, 2021 and 2020. 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.

Interest is capitalized in connection with the construction of facilities. 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 capitalizes items 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 and the Jewish Federations of North America. The allocations 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 statement 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.

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 $13 and $22 for the years ended December 31, 2021 and 2020, 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 and perpetual trusts held by others.

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, 2021 and 2020, 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.

Recently Issued Pronouncements Not Yet Adopted

In February 2016, Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is currently assessing the impact this standard will have on its financial statements.

In September 2020, the Financial Accounting Standards Board issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancialassets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is currently assessing the impact this standard will have on its financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, 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, 2021 and 2020 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 investing 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.

	2021	2020
Financial assets at year end	$ 208,600	$ 194,941
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor for time or purpose restrictions	(3,605)	(5,287)
Subject to appropriation and satisfaction of donor restrictions	(15,992)	(15,371)
Investments held in charitable trusts and obligations under split-interest agreements	(13,871)	(13,458)
Restricted cash and cash equivalents	(4)	(1,463)
Funds held for outside agencies	(35,798)	(28,178)
Loans receivable	(119)	(156)
Donor advised funds and designated funds	(83,070)	(80,904)
Supporting organizations	(13,176)	(11,656)
Board designated funds	(4,582)	(3,864)
Financial assets available to meet cash needs for general expenditures within one year	$ 38,383	$ 34,604

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:

	2021	2020
Cash and cash equivalents	$ 3,313	$ 2,367
Corporate stocks and equity mutual funds	79,822	75,349
Bond mutual funds	17,102	13,392
Corporate bonds and government obligations	21,064	19,964
Israel bonds	926	6,948
Interest in real estate partnership	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	42	43
Corporate bonds and bond mutual funds	52	53
Common collective trust fund	5,356	4,443
Alternative investments, underlying investments in:		
Private equity and hedge funds	33,064	25,834
Equity, debt and debt securities	6,597	5,537
Real estate funds	684	818
Investment held by supporting organizations:		
Cash and cash equivalents	1,293	1,206
Bond mutual funds	21	
Corporate stocks and equity mutual funds	10,359	8,088
Alternative investments, underlying investments in, Private equity and hedge funds	2,503	3,562
Other	1,045	1,025
Total	$ 185,381	$ 170,768

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

	2021	2020
Investments	$ 180,963	$ 166,781
Charitable gift annuities	4,323	3,890
Pooled income funds held in charitable trust by others	95	97
	$ 185,381	$ 170,768

(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, 2021:

	2021			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	$ 79,822	$ -	$ -	$ 79,822
Bond mutual funds	17,102	-	-	17,102
Corporate bonds and government obligations	-	21,064	-	21,064
Israel bonds	-	-	926	926
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	1	1
Corporate stocks and equity mutual funds	-	-	42	42
Corporate bonds and bond mutual funds	-	-	52	52
Investment held by supporting organizations:				
Corporate stocks and equity mutual funds	10,359	-	-	10,359
Bond mutual funds	21	-	-	21
Beneficial interest in perpetual trust	-	-	9,375	9,375
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	277	277
Total	$ 107,304	$ 21,064	$ 10,673	139,041
Investments held at NAV				48,092
Total				$ 187,133

(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, 2020:

	2020			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	$ 75,349	$ -	$ -	$ 75,349
Bond mutual funds	13,392	-	-	13,392
Corporate bonds and government obligations	-	19,964	-	19,964
Israel bonds	-	-	6,948	6,948
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	2	2
Corporate stocks and equity mutual funds	-	-	43	43
Corporate bonds and bond mutual funds	-	-	52	52
Investment held by supporting organizations:				
Corporate stocks and equity mutual funds	8,089	-	-	8,089
Beneficial interest in perpetual trust	-	-	9,375	9,375
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	291	291
Total	$ 96,830	$ 19,964	$ 16,711	133,505
Investments held at NAV				40,044
Total				$ 173,549

Below is a reconciliation of total investments per the statement of financial position to the assets reported at fair market value above as of December 31, 2021 and 2020:

	2021	2020
Investments from Note 4	$ 185,381	$ 170,768
Beneficial interest in Perpetual Trust	9,375	9,375
Interest in Charitable Trust Held by Others	9	4
Receivable from Termed Charitable Trust	268	287
Less:		
Investments at cost	(3,294)	(3,312)
Cash and cash equivalents included in investments	(4,606)	(3,573)
Total assets at fair market value	$ 187,133	$ 173,549

(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, 2021:

	Beneficial Interest in Perpetual Trust	Pooled Income Funds	Israel Bonds	Interest in Charitable Trusts Held by Others	Total
Balance, January 1, 2021	$ 9,375	$ 97	$ 6,949	$ 290	$ 16,711
Net realized and unrealized gains (losses)	-	(2)	79	-	77
Purchases	-	-	378	-	378
Distributions	-	-	(6,480)	-	(6,480)
Changes in value of split-interest agreements	-	-	-	(13)	(13)
Balance, December 31, 2021	$ 9,375	$ 95	$ 926	$ 277	$ 10,673

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, 2020:

	Beneficial Interest in Perpetual Trust	Pooled Income Funds	Israel Bonds	Interest in Charitable Trusts Held by Others	Total
Balance, January 1, 2020	$ 9,375	$ 83	$ 3,715	$ 309	$ 13,482
Net realized and unrealized gains	-	14	305	-	319
Purchases	-	-	3,000	-	3,000
Distributions	-	-	(72)	-	(72)
Changes in value of split-interest agreements	-	-	-	(18)	(18)
Balance, December 31, 2020	$ 9,375	$ 97	$ 6,948	$ 291	$ 16,711

(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, 2021 and 2020:

	Net Asset Value December 31, 2021	Net Asset Value December 31, 2020	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Common collective trust fund	$ 5,356	$ 4,443	$ -	Not Available*	15 days
Alternative investments, underlying investments in:					
Private equity and hedge funds	7,714	7,163	-	Semi-Annual	95 days
Private equity and hedge funds	6,280	5,345	-	Quarterly	90 days
Private equity and hedge funds	9,042	4,554	6,039	Not Available*	Not Available
Private equity and hedge funds	10,029	8,773	-	Monthly*	5 days
Real estate funds	684	818	154	Not Available**	Not Available
Equity, debt and debt securities	5,247	4,786	-	Annual	30 days
Equity, debt and debt securities	1,350	750	450	Not Available*	Not Available
Investment held by supporting organizations					
Equity hedge fund	1,592	2,609	-	Quarterly	60 days
Alternative investments	237	244	-	Not Available*	Not Available
Alternative investments	561	559	-	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

The common collective trust fund seeks a return that approximates the performance of its benchmark index over the long term by primarily investing in equity securities comprising the index. The fund is also authorized to engage in securities lending activity. The fair value of the investment is estimated using the NAV of units of the bank collective trust.

Alternative investments, such as investments in private markets and hedge funds, include investments 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. Pledges Receivable, Net

Pledges receivable at December 31, 2021 were received in conjunction with the Annual and Kadima Campaigns as well as other fundraising activities:

	Annual Campaign and Other	Kadima Campaign
2022 and beyond Annual Campaigns	$ 183	$ -
2021 Annual Campaign	2,835	-
Prior year's Annual Campaigns	1,175	-
Kadima Campaign	-	6,469
Other	169	-
Total	4,362	6,469
Estimated commitment from JCF (eliminated in consolidation)	(1,335)	(2,215)
Discount on long-term pledge receivable	-	(55)
Allowance for uncollectible pledges	(1,506)	(250)
Pledges receivable, net	$ 1,521	$ 3,949

Pledges receivable at December 31, 2020 were received in conjunction with the Annual Campaign as well as other fundraising activities:

	Annual Campaign and Other	Kadima Campaign
2021 and beyond Annual Campaigns	$ 222	$ -
2020 Annual Campaign	2,016	-
Prior year's Annual Campaigns	1,232	-
Kadima Campaign	-	7,948
Other	512	-
Total	3,982	7,948
Estimated commitment from JCF (eliminated in consolidation)	(647)	(1,906)
Discount on long-term pledge receivable	-	(120)
Allowance for uncollectible pledges	(1,321)	(250)
Pledges receivable, net	$ 2,014	$ 5,672

(In thousands of dollars)

Annual Campaign, Kadima Campaign, and other pledges receivable as of December 31, 2021 are anticipated to be collected as follows:

	Annual Campaign and Other	Kadima Campaign
Amounts due in:		
Less than one year	$ 2,953	$ 1,712
One year to five years	74	2,542
Total	3,027	4,254
Discount on long-term pledge receivable	-	(55)
Allowance for uncollectible pledges	(1,506)	(250)
Pledges receivable, net	$ 1,521	$ 3,949

Long-term pledges have been recognized at present value by using a discount rate equivalent to the US Treasury Bill rate of 0.93% percent, which is considered a risk-free rate of return.

6. Loans Receivable

Unsecured loans receivable consist of the following at December 31:

	2021	2020
Torah Academy	$ 324	$ 324
Related party (see Note 14)	72	72
Hillel	46	53
Sholom Community Alliance	21	21
J-HAP	80	89
Other	2	5
Total gross loans receivable	545	564
Less allowance for uncollectible amounts	(386)	(387)
Net loans receivable	$ 159	$ 177

As of December 31, 2021 and 2020, approximately 71 percent and 69 percent, respectively, of the gross loans receivable are considered past due loans.

(In thousands of dollars)

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Land	$ 3,922	$ 3,922
Building and improvements	17,290	17,165
Furniture and equipment	279	279
Subtotal	21,491	21,366
Accumulated depreciation	(8,364)	(7,875)
Total	$ 13,127	$ 13,491

8. Line of Credit

At December 31, 2021, the Organization had a $5,000 line of credit available with an interest rate at 1.75 percent above the 30-day LIBOR (London Interbank Offered Rate) and a maturity date of March 29, 2021. There was no balance at December 31, 2020.

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 replaced the existing line of credit above with an interest rate of the Wall Street Journal published prime rate less 1.65 percent and a maturity of March 29, 2022.
2. The $12,500 note has an interest rate of the Wall Street Journal published prime rate less .75 percent and a maturity of January 31, 2024. Advances on this note are limited by a borrowing base of the Kadima Campaign pledges receivable.

The line of credit was amended in March 2022 to extend the maturity date of the $5,000 note to April 30, 2023.

Both notes are secured by substantially all assets of the Organization and contains 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 $2,511 and $2,433 at December 31, 2021 and 2020, respectively.

(In thousands of dollars)

Split-interest agreements include losses in the change in value of split-interest agreements of $268 and $214 during the years ended December 31, 2021 and 2020, respectively

10. Retirement Plans

The Organization maintains a defined contribution plan for essentially all employees of the Organization. The Organization made contributions of $50 during each of the years ended December 31, 2021 and 2020.

The Organization has a deferred compensation agreement with one former employee. At December 31, 2021 and 2020, approximately $300 was vested under the agreement and has been fully funded through a life insurance policy with cash surrender value. Vested amounts will be paid in 10 annual equal installments beginning 60 days prior to the employee's 65th birthday. The liability recorded related to this agreement was $208 and $196 at December 31, 2021 and 2020, respectively.

11. Allocations Payable

The Organization has commitments to fund beneficiary organizations and the Jewish Federations of North America. These commitments are reported as allocations payable in the consolidated financial statements. The Board of Directors, following the conclusion of the annual fundraising campaign, approves these amounts.

The allocations are included as liabilities on the consolidated statement of financial position as of December 31:

	2021	2020
Beneficiary Organizations	$ 3,955	$ 3,090
Jewish Federations of North America	4,092	4,021
Total	$ 8,047	$ 7,111

12. Net Assets Without Donor Restrictions

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

	2021	2020
Jewish Community Foundation, donor advised and designated funds	$ 95,568	$ 94,584
Jewish Community Foundation, Organization funds without donor restrictions	24,575	18,226
Supporting Organization funds	14,176	13,278
Undesignated	14,122	17,193
Total net assets without donor restrictions	$ 148,441	$ 143,281

(In thousands of dollars)

Included in net assets without donor restrictions as of December 31, 2021 are board designated assets of $4,442 and $115 designated for real estate and technology, respectively. Included in net assets without donor restrictions as of December 31, 2020 are board designated assets of $3,843 and $121 designated for real estate and technology, respectively.

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:

	2021	2020
Kadima Campaign	$ 2,996	$ 5,674
Jewish Community Foundation, donor-restricted amounts	3,368	2,635
Following year campaign	232	254
Other restricted gifts	508	623
Subtotal net assets with donor restrictions, restricted for purpose or time	7,104	9,186
Beneficial interest in perpetual trust	9,375	9,375
Restricted for specific purpose by donors	58	56
General purposes of the Organization	4,310	4,306
Subtotal net assets with donor restrictions, restricted in perpetuity	13,743	13,737
Total net assets with donor restrictions	$ 20,837	$ 22,923

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 September 1, 2019 the Organization entered into an Employment Agreement with the Organization's Chief Executive Officer (the CEO). As part of the consideration of employment, the Organization provided a loan of $120 and mortgage guarantee of $424 in connection with the purchase of a personal residence for the CEO. The loan has an interest rate of 4.00 percent, matures on March 26, 2024 and has annual principal and interest repayments. The loan and mortgage guarantee are secured by a second mortgage on this personal residence. The loan balance was $72 at December 31, 2021 and 2020.

15. Significant Concentration of Credit Risk

Approximately 27 percent and 25 percent of the Organization's pledges receivable balance is from one donor as of December 31, 2021 and 2020, respectively.

Approximately 26 percent and 27 percent of contribution revenue was from three donors for the years ended December 31, 2021 and 2020, respectively.

16. Barry Family Campus

JCBC entered into leases with the two primary tenants of the Barry Family Campus (the Campus). The rental payments under the leases have been determined by the Organization to be below fair value. Consequently, JCBC records a contribution expense to the tenants of the Campus and a below-market lease liability for the estimated fair value of the rent over the term of the leases and amortizes the liability over the remaining term of the lease. The Organization recorded an expense of $3,000 during the year ended December 31, 2021, representing the contribution expense related to the new below-market lease entered into during 2021, in addition to $96 related to the existing below-market lease.

17. Endowment

Since December 22, 1980, there has been in effect a policy statement adopted by the Organization's Board of Directors. Under the terms of the policy statement, which is incorporated into the Organization'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 funds that are administered as endowment funds are not 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 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 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.

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, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization offers donors a choice of three investment pools: the Short-Term Income Pool, the Long-Term Growth and Income 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 Investment 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 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.

(In thousands of dollars)

Strategies for Achieving Objectives

The Organization believes 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 Organization's general practice is to distribute up to 5 percent each calendar year of the market value of its endowment fund for the most recent quarterly close before the 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 Organization's 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, 2021:

Endowment net assets, January 1, 2021	$	6,444
Investment income		28
Net realized and unrealized gain on investments		967
Contributions		6
Appropriations of endowment assets for expenditures		(269)
Endowment net assets, December 31, 2021	$	7,176

The following is a summary of endowment funds subject to UPMIFA in net assets with donor restrictions for the year ended December 31, 2020:

Endowment net assets, January 1, 2020	$	6,057
Investment income		27
Net realized and unrealized gain on investments		496
Contributions		6
Transfer in		14
Appropriations of endowment assets for expenditures		(156)
Endowment net assets, December 31, 2020	$	6,444

(In thousands of dollars)

18. Contingency

In April 2020, the Organization received a loan in the amount of $520 under the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. The PPP was authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization applied for forgiveness of the loan and in January 2021 was notified that the entire loan amount has been forgiven. Loan forgiveness is reflected in program and other revenue in the consolidated statement of activities for the year ended December 31, 2020 as the Organization concluded that the revenue recognition criteria had been met. The SBA reserves the right to audit any PPP loan, regardless of size. These audits 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 leases office space under a non-cancelable operating lease that has minimum lease obligations. The lease contains provisions for rent increases based primarily on increases in real estate taxes and operating costs incurred by the lessor. Rent expense is charged to operations as incurred except for escalating base rents, which are charged to operations on a straight-line basis over the term of the lease. Total lease expense amounted to $184 and $192 for the years ended December 31, 2021 and 2020, respectively. In January 2022, the Organization exercised its option to terminate the lease effective July 31, 2022, which required payment of an early termination fee. The total minimum lease payments including the early termination for the year ending December 31, 2022 is $157.

The Organization leases a portion of the Barry Family Campus space to three unrelated parties. Rental income under these leases totaled $551 and $169 for the years ended December 31, 2021 and 2020, respectively. Future lease receipts as of December 31, 2021 are as follows:

Year Ending December 31	Amount
2022	$ 657
2023	621
2024	636
2025	650
2026	644
Thereafter	2,959
Total	$ 6,167

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Financial Position
December 31, 2021
(In thousands of dollars)

	Federation (Including MNJCF and JCFCH)	JCBC	Supporting Organizations	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 7,268	$ 255	$ -	$ -	$ 7,523
Restricted cash and cash equivalents	4	-	-	-	4
Investments	166,787	-	14,176	-	180,963
Due from related parties	98	-	-	(98)	-
Pledges receivable, net:					
Annual campaign	1,373	-	-	-	1,373
Kadima campaign	3,949	-	-	-	3,949
Other	148	-	-	-	148
Loans receivable, net	159	-	-	-	159
Interest receivable	411	-	-	-	411
Split-interest agreements					
Beneficial interest in perpetual trust	9,375	-	-	-	9,375
Charitable gift annuities	4,323	-	-	-	4,323
Interest in charitable trusts held by others	9	-	-	-	9
Pooled income funds	95	-	-	-	95
Receivable from termed charitable trust	268	-	-	-	268
Property and equipment, net of accumulated depreciation	70	13,057	-	-	13,127
Other assets	1,294	2	-	-	1,296
Total assets	$ 195,631	$ 13,314	$ 14,176	$ (98)	$ 223,023
	-				
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 401	$ 14	$ -	$ -	$ 415
Line of credit	932	-	-	-	932
Allocations and contributions payable:					
Beneficiary organizations	3,955	-	-	-	3,955
Jewish Federations of North America	4,092	-	-	-	4,092
Leases at below-market rates	-	5,169	-	-	5,169
Kadima grants payable	300	-	-	-	300
Due to related parties	-	98	-	(98)	-
Agency funds payable	35,798	-	-	-	35,798
Other liabilities	507	-	-	-	507
Deferred income under pooled income agreements	66	-	-	-	66
Obligations under split-interest agreements	2,511	-	-	-	2,511
Total liabilities	48,562	5,281	-	(98)	53,745
Net Assets					
Without donor restrictions	126,420	7,845	14,176	-	148,441
With donor restrictions	20,649	188	-	-	20,837
Total net assets	147,069	8,033	14,176	-	169,278
Total liabilities and net assets	$ 195,631	$ 13,314	$ 14,176	$ (98)	$ 223,023

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Financial Position
December 31, 2020
(In thousands of dollars)

	Federation (Including JCF and JCFCH)	JCBC	Supporting Organizations	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 4,502	$ 270	$ -	$ -	$ 4,772
Restricted cash and cash equivalents	1,463	-	-	-	1,463
Investments	153,503	-	13,278	-	166,781
Due from related parties	-	61	-	(61)	-
Pledges receivable, net:					
Annual campaign	1,523	-	-	-	1,523
Kadima campaign	5,672				5,672
Other	491	-	-	-	491
Loans receivable, net	177	-	-	-	177
Interest receivable	409				409
Split-interest agreements:					
Beneficial interest in perpetual trust	9,375	-	-	-	9,375
Charitable gift annuities	3,890	-	-	-	3,890
Interest in charitable trusts held by others	4	-	-	-	4
Pooled income funds held in charitable trusts by others	97	-	-	-	97
Receivable from termed charitable trust	286	-	-	-	286
Property and equipment, net of accumulated depreciation	94	13,398	-	-	13,492
Other assets	1,230	2	-	-	1,232
Total assets	$ 182,716	$ 13,731	$ 13,278	$ (61)	$ 209,664
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 525	$ 14	$ -	$ -	$ 539
Allocations and contributions payable:					
Beneficiary organizations	3,090	-	-	-	3,090
Jewish Federations of North America	4,021	-	-	-	4,021
Leases at below-market rates	-	2,859	-	-	2,859
Kadima grants payable	1,251				1,251
Due to related parties	61	-	-	(61)	-
Agency funds payable	28,178	-	-	-	28,178
Other liabilities	1,023	-	-	-	1,023
Deferred income under pooled income agreements	66	-	-	-	66
Obligations under split-interest agreements	2,433	-	-	-	2,433
Total liabilities	40,648	2,873	-	(61)	43,460
Net Assets					
Without donor restrictions	119,095	10,858	13,278	-	143,231
With donor restrictions	22,973	-	-	-	22,973
Total net assets	142,068	10,858	13,278	-	166,204
Total liabilities and net assets	$ 182,716	$ 13,731	$ 13,278	$ (61)	$ 209,664

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Activities
Year Ended December 31, 2021
(In thousands of dollars)

	Federation (Including MNJCF and JCFCH)		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	Eliminations	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue										
Public support:										
Campaigns, contributions and other	$ 16,676	$ 249	$ -	$ 298	$ -	$ -	$ (2,219)	$ 14,457	$ 547	$ 15,004
Kadima campaign	1,915	103	-	-	-	-	(757)	1,158	103	1,261
Total public support	18,591	352	-	298	-	-	(2,976)	15,615	650	16,265
Program and other revenue:										
Interest and dividends, net of fees	1,993	28	-	-	467	-	-	2,460	28	2,488
Net realized gain on investments	3,658	234	-	-	1,022	-	-	4,680	234	4,914
Net unrealized gain on investments	10,113	733	-	-	108	-	-	10,221	733	10,954
Change in value of split-interest agreements	(268)	-	-	-	-	-	-	(268)	-	(268)
Rental income	-	-	2,060	-	-	-	(1,162)	898	-	898
Other operating revenue	416	-	38	-	-	-	(179)	275	-	275
Total program and other revenue	15,912	995	2,098	-	1,597	-	(1,341)	18,266	995	19,261
Net assets released from restrictions	3,621	(3,621)	110	(110)	-	-	-	3,731	(3,731)	-
Total support and revenue	38,124	(2,274)	2,208	188	1,597	-	(4,317)	37,612	(2,086)	35,526
Expense										
Program services:										
Annual campaign allocations	6,991	-	-	-	-	-	(1,162)	5,829	-	5,829
Kadima campaign grants	4,695	-	-	-	-	-	(119)	4,576	-	4,576
Contribution for leases at below-market rates	-	-	3,096	-	-	-	-	3,096	-	3,096
Community services	1,316	-	1,593	-	-	-	-	2,909	-	2,909
Other grants and contributions from JCF	14,476	-	-	-	664	-	(2,976)	12,164	-	12,164
Total program services	27,478	-	4,689	-	664	-	(4,257)	28,574	-	28,574
Supporting services:										
Management and general:										
Administrative expense	657	-	67	-	35	-	(60)	699	-	699
Building administration	543	-	465	-	-	-	-	1,008	-	1,008
Interest expense	17	-	-	-	-	-	-	17	-	17
Provision for uncollectible pledges and loans	46	-	-	-	-	-	-	46	-	46
Fundraising	2,108	-	-	-	-	-	-	2,108	-	2,108
Total supporting services	3,371	-	532	-	35	-	(60)	3,878	-	3,878
Total expense	30,849	-	5,221	-	699	-	(4,317)	32,452	-	32,452
Change in net assets	7,275	(2,274)	(3,013)	188	898	-	-	5,160	(2,086)	3,074
Net Assets, Beginning	119,095	22,973	10,858	-	13,278	-	-	143,281	22,923	166,204
Net Assets, Ending	$ 126,370	$ 20,699	$ 7,845	$ 188	$ 14,176	$ -	$ -	$ 148,441	$ 20,837	$ 169,278

Minneapolis Jewish Federation and Subsidiaries

Consolidating Schedule for the Statement of Activities
Year Ended December 31, 2020
(In thousands of dollars)

	Federation (including JCF and JCFCH)		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	Eliminations	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue										
Public support										
Campaigns, contributions and other	$ 17,181	$ 399	$ 5	$ -	$ 1	$ -	$ (169)	$ 17,018	$ 399	$ 17,417
Kadima capaign	3,960	5,723	-	-	-	-	(50)	3,960	5,673	9,633
Total public support	21,141	6,122	5	-	1	-	(219)	20,978	6,072	27,050
Program and other revenue:										
Interest and dividends, net of fees	2,056	27	-	-	147	-	-	2,203	27	2,230
Net realized gain on investments	814	43	-	-	(460)	-	-	354	43	397
Net unrealized gain on investments	6,700	453	-	-	484	-	-	7,184	453	7,637
Change in value of split-interest agreements	(213)	(1)	-	-	-	-	-	(213)	(1)	(214)
Rental income	-	-	2,180	-	-	-	(1,162)	1,018	-	1,018
Government grant	520	-	-	-	-	-	-	520	-	520
Other operating revenue	466	-	-	-	-	-	(60)	406	-	406
Total program and other revenue	10,343	522	2,180	-	171	-	(1,222)	11,472	522	11,994
Net assets released from restrictions	804	(804)	-	-	-	-	-	804	(804)	-
Total support and revenue	32,288	5,840	2,185	-	172	-	(1,441)	33,254	5,790	39,044
Expense										
Program services:										
Annual campaign allocations	6,935	-	-	-	-	-	(1,162)	5,773	-	5,773
Kadima capaign grants	3,961	-	-	-	-	-	-	3,961	-	3,961
Contribution for leases at below-market rates	-	-	96	-	-	-	-	96	-	96
Community services	1,687	-	1,168	-	-	-	-	2,855	-	2,855
Other grants and contributions	8,314	-	-	-	1,397	-	(219)	9,492	-	9,492
Total program services	20,897	-	1,264	-	1,397	-	(1,381)	22,177	-	22,177
Supporting Services:										
Management and general:										
Administrative expense	796	-	76	-	17	-	(60)	829	-	829
Building administration	529	-	422	-	-	-	-	951	-	951
Provision for uncollectible pledges and Loans	741	-	-	-	-	-	-	741	-	741
Fundraising	1,971	-	-	-	-	-	-	1,971	-	1,971
Total supporting services	4,037	-	498	-	17	-	(60)	4,492	-	4,492
Total expense	24,934	-	1,762	-	1,414	-	(1,441)	26,669	-	26,669
Change in net assets	7,354	5,840	423	-	(1,242)	-	-	6,585	5,790	12,375
Net Assets, Beginning	111,741	17,133	10,435	-	14,520	-	-	136,696	17,133	153,829
Net Assets, Ending	$ 119,095	$ 22,973	$ 10,858	$ -	$ 13,278	$ -	$ -	$ 143,281	$ 22,923	$ 166,204