



Greater Miami Jewish Federation, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended June 30, 2021 and 2020

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 25



Tel: 305-381-8000
Fax: 305-374-1135
www.bdo.com

100 SE 2nd St., Suite 1700
Miami, FL 33131

Independent Auditor's Report

To the Board of Directors of
Greater Miami Jewish Federation, Inc. and Subsidiaries
Miami, Florida

Opinion

We have audited the consolidated financial statements of Greater Miami Jewish Federation, Inc. and Subsidiaries (collectively referred to as the "Federation"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Federation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Federation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Prior Year Financial Statements

The consolidated financial statements of the Federation as of and for the year ended June 30, 2020 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated December 12, 2020.

BDO USA, LLP

Certified Public Accountants

Miami, Florida
December 16, 2021

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2021	2020
Cash and cash equivalents	\$ 63,165,071	\$ 63,493,960
Investments	456,936,728	325,255,129
Pledges receivable, net	11,083,366	10,128,910
Due from beneficiary agencies, net	2,547,162	2,686,051
Property and equipment, net	4,121,349	4,086,440
Other assets	13,204,310	11,587,145
TOTAL ASSETS	\$ 551,057,986	\$ 417,237,635
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocations payable:		
The Jewish Federations of North America	\$ 7,927,581	\$ 7,738,479
Targeted grants for Israel	558,431	466,668
Beneficiary agencies	9,641,270	9,391,669
Other	559,319	674,349
TOTAL ALLOCATIONS PAYABLE	18,686,601	18,271,165
Line of credit	3,230,000	3,230,000
Accounts payable and other liabilities	5,216,102	6,065,914
Obligations to affiliated agencies for assets held in trust	46,556,273	34,934,624
Split-interest agreements	2,386,254	2,307,079
TOTAL LIABILITIES	76,075,230	64,808,782
NET ASSETS		
Without donor restrictions	409,437,232	297,102,091
With donor restrictions	65,545,524	55,326,762
TOTAL NET ASSETS	474,982,756	352,428,853
TOTAL LIABILITIES AND NET ASSETS	\$ 551,057,986	\$ 417,237,635

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

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:						
Campaign and other pledges, net	\$ 27,145,443	\$ 1,690,256	\$ 28,835,699	\$ 24,803,508	\$ 1,306,737	\$ 26,110,245
Less: Grants from Foundation	(4,597,309)	-	(4,597,309)	(4,866,816)	-	(4,866,816)
Net campaign and other pledges	22,548,134	1,690,256	24,238,390	19,936,692	1,306,737	21,243,429
Non-campaign contributions and bequests	102,467,960	872,173	103,340,133	15,831,816	783,251	16,615,067
Contribution from sale of project assets (NOTE 10)	-	-	-	56,187,245	-	56,187,245
Grants from government agencies	860,592	-	860,592	681,237	-	681,237
	125,876,686	2,562,429	128,439,115	92,636,990	2,089,988	94,726,978
Investment income, net	52,972,886	13,174,081	66,146,967	2,035,984	789,434	2,825,418
Rental income (includes \$435,600 of in-kind rent for 2021 and 2020)	470,071	-	470,071	468,272	-	468,272
Program fees and other income	3,151,684	-	3,151,684	1,717,947	-	1,717,947
Net assets released from restrictions	5,517,748	(5,517,748)	-	5,169,650	(5,169,650)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	187,989,075	10,218,762	198,207,837	102,028,843	(2,290,228)	99,738,615
EXPENSES:						
Program services and allocations:						
Federation Community Programs	65,699,580	-	65,699,580	39,422,820	-	39,422,820
Jewish Community Relations Council	269,083	-	269,083	267,240	-	267,240
Center for the Advancement of Jewish Education	2,146,051	-	2,146,051	2,552,563	-	2,552,563
Holocaust Memorial Committee	964,548	-	964,548	824,969	-	824,969
Total program services and allocations	69,079,262	-	69,079,262	43,067,592	-	43,067,592
Supporting services:						
Fundraising	3,857,133	-	3,857,133	3,943,957	-	3,943,957
Management and general	2,717,539	-	2,717,539	2,729,837	-	2,729,837
Total supporting services	6,574,672	-	6,574,672	6,673,794	-	6,673,794
TOTAL EXPENSES	75,653,934	-	75,653,934	49,741,386	-	49,741,386
CHANGE IN NET ASSETS	112,335,141	10,218,762	122,553,903	52,287,457	(2,290,228)	49,997,229
NET ASSETS AT BEGINNING OF YEAR	297,102,091	55,326,762	352,428,853	244,814,634	57,616,990	302,431,624
NET ASSETS AT END OF YEAR	\$ 409,437,232	\$ 65,545,524	\$ 474,982,756	\$ 297,102,091	\$ 55,326,762	\$ 352,428,853

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

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services			Total
	Federation Community Programs	Jewish Community Relations Council	Center for the Advancement of Jewish Education	Holocaust Memorial Committee	Total Program Services and Allocations	Fundraising	Management and General	Total Supporting Services	
Grants and allocations:									
The Jewish Federations of North America	\$ 7,491,288	\$ -	\$ -	\$ -	\$ 7,491,288	\$ -	\$ -	\$ -	\$ 7,491,288
Agencies	9,487,687	-	-	-	9,487,687	-	-	-	9,487,687
Grants and designated purposes	44,200,185	-	-	-	44,200,185	-	-	-	44,200,185
Total grants and allocations	61,179,160	-	-	-	61,179,160	-	-	-	61,179,160
Salaries	2,830,841	210,701	1,339,291	439,630	4,820,463	2,304,821	1,737,427	4,042,248	8,862,711
Employee benefits	584,818	40,564	301,701	59,533	986,616	561,217	370,144	931,361	1,917,977
Total salaries and related expenses	3,415,659	251,265	1,640,992	499,163	5,807,079	2,866,038	2,107,571	4,973,609	10,780,688
Audit and tax	-	-	5,368	-	5,368	-	80,000	80,000	85,368
Donor relations	9,700	-	-	-	9,700	5,493	1,253	6,746	16,446
Conferences	10,204	250	12,673	(51)	23,076	979	750	1,729	24,805
Copying and duplicating	29,770	2,016	3,244	1,503	36,533	20,281	21,763	42,044	78,577
Management information systems	18,278	-	29,184	-	47,462	144,661	61,919	206,580	254,042
Insurance	71,414	-	11,396	42,074	124,884	112,222	20,404	132,626	257,510
Campaign and community outreach	217,421	2,068	410,019	189,415	818,923	179,889	47,529	227,418	1,046,341
Building services	315,074	-	-	195,544	510,618	157,319	61,067	218,386	729,004
Office supplies	12,544	1,477	30	6,995	21,046	14,246	25,920	40,166	61,212
Legal services	22,127	-	11,800	-	33,927	40,793	8,606	49,399	83,326
Postage and direct marketing	32,440	-	3,009	95	35,544	41,518	49,095	90,613	126,157
Public relations and education	42,232	-	-	1,343	43,575	144,693	44,320	189,013	232,588
Missions	3,465	-	-	-	3,465	5,597	2,099	7,696	11,161
Subscriptions and dues	156,633	10,288	3,766	1,048	171,735	18,677	7,031	25,708	197,443
Telephone	20,609	1,690	10,503	5,674	38,476	11,000	59,444	70,444	108,920
Transportation and travel	37,658	-	498	-	38,156	11,822	3,169	14,991	53,147
Interest expense	-	-	-	-	-	-	64,105	64,105	64,105
Miscellaneous	27,622	29	2,853	5,447	35,951	4,049	24,095	28,144	64,095
Total before depreciation and amortization	65,622,010	269,083	2,145,335	948,250	68,984,678	3,779,277	2,690,140	6,469,417	75,454,095
Depreciation and amortization	77,570	-	716	16,298	94,584	77,856	27,399	105,255	199,839
Total functional expenses	\$ 65,699,580	\$ 269,083	\$ 2,146,051	\$ 964,548	\$ 69,079,262	\$ 3,857,133	\$ 2,717,539	\$ 6,574,672	\$ 75,653,934

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

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			Total
	Federation Community Programs	Jewish Community Relations Council	Center for the Advancement of Jewish Education	Holocaust Memorial Committee	Total Program Services and Allocations	Fundraising	Management and General	Total Supporting Services	
Grants and allocations:									
The Jewish Federations of North America	\$ 7,205,324	\$ -	\$ -	\$ -	\$ 7,205,324	\$ -	\$ -	\$ -	\$ 7,205,324
Agencies	9,727,730	-	-	-	9,727,730	-	-	-	9,727,730
Grants and designated purposes	17,959,889	-	-	-	17,959,889	-	-	-	17,959,889
Total grants and allocations	34,892,943	-	-	-	34,892,943	-	-	-	34,892,943
Salaries	2,806,692	194,210	1,431,749	390,271	4,822,922	2,323,949	1,751,522	4,075,471	8,898,393
Employee benefits	618,889	40,712	315,244	57,376	1,032,221	644,998	366,682	1,011,680	2,043,901
Total salaries and related expenses	3,425,581	234,922	1,746,993	447,647	5,855,143	2,968,947	2,118,204	5,087,151	10,942,294
Audit and tax	-	-	8,432	-	8,432	-	71,100	71,100	79,532
Donor relations	16,115	-	-	-	16,115	15,135	3,554	18,689	34,804
Conferences	47,843	11,107	50,715	842	110,507	29,925	13,423	43,348	153,855
Copying and duplicating	28,255	2,191	5,868	4,414	40,728	22,880	25,744	48,624	89,352
Management information systems	-	-	49,992	7,231	57,223	173,063	74,170	247,233	304,456
Insurance	33,233	-	4,427	25,990	63,650	52,223	9,495	61,718	125,368
Campaign and community outreach	139,786	14,913	576,173	196,196	927,068	60,264	13,286	73,550	1,000,618
Building services	345,093	-	-	86,587	431,680	173,890	67,499	241,389	673,069
Office supplies	41,203	149	7,665	5,776	54,793	51,032	40,015	91,047	145,840
Legal services	18,136	-	11,800	-	29,936	14,808	4,041	18,849	48,785
Postage and direct marketing	30,419	31	7,224	213	37,887	39,040	45,482	84,522	122,409
Public relations and education	46,668	-	16,004	16,457	79,129	188,908	58,103	247,011	326,140
Missions	13,666	-	-	-	13,666	19,293	7,235	26,528	40,194
Subscriptions and dues	161,909	592	10,623	424	173,548	13,178	4,003	17,181	190,729
Telephone	28,335	1,265	12,330	5,573	47,503	19,331	43,646	62,977	110,480
Transportation and travel	45,981	-	4,914	9,138	60,033	17,097	4,529	21,626	81,659
Interest expense	-	-	-	-	-	-	90,477	90,477	90,477
Miscellaneous	35,649	2,070	38,644	3,666	80,029	11,643	9,787	21,430	101,459
Total before depreciation and amortization	39,350,815	267,240	2,551,804	810,154	42,980,013	3,870,657	2,703,793	6,574,450	49,554,463
Depreciation and amortization	72,005	-	759	14,815	87,579	73,300	26,044	99,344	186,923
Total functional expenses	\$ 39,422,820	\$ 267,240	\$ 2,552,563	\$ 824,969	\$ 43,067,592	\$ 3,943,957	\$ 2,729,837	\$ 6,673,794	\$ 49,741,386

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

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 122,553,903	\$ 49,997,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	199,839	186,923
Net realized gains on investments	(12,811,926)	(16,296,135)
Net unrealized (gains) losses on investments	(50,096,716)	16,179,260
Provision for estimated uncollectible pledges, net	159,858	1,192,291
Change in split-interest agreements	434,264	79,783
(Increase) decrease in operating assets:		
Pledges receivable, net	(1,114,314)	(1,941,251)
Due from beneficiary agencies, net	138,889	630,099
Other assets	(1,617,165)	(187,742)
Increase (decrease) in operating liabilities:		
Allocations payable – The Jewish Federations of North America	189,102	(261,548)
Allocations payable – Targeted grants for Israel	91,763	107,746
Allocations payable – Beneficiary agencies	249,601	137,066
Allocations payable – Other	(115,030)	59,117
Accounts payable and other liabilities	(849,812)	(1,456,813)
TOTAL ADJUSTMENTS	<u>(65,141,647)</u>	<u>(1,571,204)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>57,412,256</u>	<u>48,426,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(234,748)	(169,130)
Purchases of investments	(70,917,718)	(151,143,935)
Sales of investments	2,144,761	157,533,640
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(69,007,705)</u>	<u>6,220,575</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Obligations to affiliated agencies for assets held in trust	11,621,649	(1,114,204)
Payments on split-interest agreements	(355,089)	(346,494)
Borrowings under line of credit	-	1,300,000
Repayments on line of credit	-	(1,300,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>11,266,560</u>	<u>(1,460,698)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(328,889)	53,185,902
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	63,493,960	10,308,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 63,165,071</u>	<u>\$ 63,493,960</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 64,105	\$ 90,477

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

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Federation

Greater Miami Jewish Federation, Inc. is a nonprofit Federation whose mission is to mobilize human and financial resources to care for those in need, strengthen Jewish life and advance unity, values and shared purpose of the Jewish people in Miami, in Israel and around the world and funds a safety net of more than 160 vital programs, services and agencies.

Basis of Consolidation

The consolidated financial statements include the accounts of Greater Miami Jewish Federation, Inc., Center for the Advancement of Jewish Education, Inc. ("CAJE"), Holocaust Memorial Committee, Inc. ("HMC"), and sixteen supporting Federations (collectively referred to as the "Federation"). Significant transactions between the entities, including all intercompany balances, have been eliminated.

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions also include board designated funds. Gifts to donor advised funds are classified as support without restrictions.

Net assets with donor restrictions: Net assets that are subject to explicit donor-imposed restrictions such as time and/or purpose restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently while permitting the Federation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or the Board approved spending policy. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

The Federation considers all liquid investments with a maturity of three months or less at purchase to be cash equivalents.

Pledges Receivable, net

Pledges receivable are unconditional promises to give and primarily consist of annual gifts from private donors. Pledges, less a provision for estimated uncollectible amounts and unamortized discounts, are recorded as a receivable and revenue when pledges are made. Pledges determined to be uncollectible during the year in which such pledges are received are shown as a reduction of contributions. Pledges determined to be uncollectible subsequent to the year in which such pledges are received are charged to bad debt expense. The allowance for uncollectible pledges is based, among other things, on the Federation's past collection experience and the impact of changes in current economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurements

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Realized and unrealized gains on investments are reflected in the consolidated statements of activities within "Investment income, net." Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income recognized.

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates and those differences could be material. The carrying amount of all financial assets and liabilities approximates fair value.

Property and Equipment, net

Property and equipment are recorded at cost at the date of purchase or, if contributed, the fair value at the date of donation. The Federation capitalizes expenditures for property and equipment in excess of \$5,000. Depreciation and amortization is computed on the straight-line method over the estimated useful life of the assets.

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the Federation's climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets are adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

Split-Interest Gifts

The Federation is trustee and remainder beneficiary of various charitable remainder unitrusts and charitable annuity trusts. Trust assets are stated at fair market value. Liabilities are determined using Internal Revenue Service ("IRS") actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift.

A contribution is recorded at the time of the gift as the difference between the fair value of the assets received and the liabilities incurred in the exchange portion of the agreement for these irrevocable transfers of assets. Contribution revenue and the net changes in the value of these split-interest agreements amounted to approximate gains (losses) of \$121,000 and (\$225,000) during the years ended June 30, 2021 and 2020, respectively, and are included in "non-campaign contributions and bequests" in the consolidated statements of activities.

The assets related to the split-interest agreements, included in cash and investments in the consolidated statements of financial position, amount to approximately \$3,748,000 and \$3,413,000, and amounts included in other assets amount to approximately \$2,238,000 and \$2,160,000 at June 30, 2021 and 2020, respectively. The liabilities of the split-interest agreements, included in the consolidated statements of financial position, total \$2,386,254 and \$2,307,079 at June 30, 2021 and 2020, respectively.

Contributions

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Federation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Federation unless specifically restricted by the donor. The Federation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

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 to net assets without donor restrictions and reported in the consolidated statements of activities as "Net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

The Federation has been allocated \$1,163,274 and \$1,068,469 from the United Way of Miami-Dade on behalf of affiliated agencies for the years ended June 30, 2021 and 2020, respectively. As a fiduciary, these funds are passed through to affiliated agencies where they are recorded as revenue in the affiliated agencies' statements of activities. These activities are not reflected in the Federation's consolidated financial statements for the years ended June 30, 2021 and 2020.

Significant Donors

During the year ended June 30, 2021, one donor made substantial gifts, which are included in the caption "non-campaign contributions and bequests" in the consolidated statements of activities totaling approximately \$68,675,000. The gifts accounted for approximately 35% of total revenues, gains and other support for the year ended June 30, 2021. During the year ended June 30, 2020, the Federation received a contribution totaling approximately \$56,000,000 (NOTE 10). The contribution accounted for approximately 56% of total revenues, gains and other support for the year ended June 30, 2020.

During the year ended June 30, 2021, the Federation made two substantial grants, which are included in the caption "Federation community programs" in the consolidated statements of activities totaling \$23,000,000. The grants accounted for approximately 30% of total expenses for the year ended June 30, 2021.

Donated Services

A substantial number of volunteers have donated time to the Federation's program services and fundraising campaigns during the years ended June 30, 2021 and 2020; however, these donated services are not reflected in the consolidated financial statements since the services do not meet recognition requirements under current pronouncements. Additionally, certain professional services were donated during the years ended June 30, 2021 and 2020. These donated services are also not reflected as contributions in the accompanying consolidated financial statements as management believes they are not material to the consolidated financial statements.

Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure.

The COVID-19 outbreak did not have a material impact on the Federation for the years ended June 30, 2021 or 2020. Management continues to actively monitor the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Federation is not able to estimate the effects of the COVID-19 outbreak on its consolidated results of operations, financial condition, or liquidity for future fiscal years.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties (Continued)

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act” was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (“SBA”) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. Management does not anticipate the CARES Act to have a significant impact on the consolidated financial statements.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the “Act”) was signed into law, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. There was no material impact to the Federation as a result of the enactment of the Act.

On March 11, 2021, the American Rescue Plan Act (“ARP Act”) was signed into law, which includes \$1.9 trillion in funding for critical resources to respond to the public health and economic crisis as a result of the COVID-19 pandemic. The Federation is currently evaluating the impact of the ARP Act.

Concentrations of Credit and Market Risk

Financial instruments which potentially subject the Federation to concentrations of credit and market risk consist primarily of cash and cash equivalents, pledges receivable and investments. The Federation maintains cash balances at several financial institutions in South Florida. Accounts in each institution are insured by the Federal Deposit Insurance Corporation in accordance with current regulations, which provides for insurance up to \$250,000. Cash equivalents are maintained at high-quality financial institutions. The Federation has not experienced any losses on its cash and cash equivalents.

Management considers credit risk associated with pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations. Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Federation has an investment policy, utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material. Material estimates that are particularly susceptible to change include the fair value of investments, the allowance for uncollectible pledges, the functional allocation of expenses, and obligations for allocations payable.

Income Taxes

The Federation is a nonprofit corporation whose revenue is derived from contributions and other fundraising activities. The Federation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and sales and use tax under the laws of the State of Florida. During the years ended June 30, 2021 and 2020, the Federation generated net unrelated business income from certain alternative investments. No provisions for Federal or State income taxes were recorded as management believes the amounts are immaterial to these consolidated financial statements.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Federation recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Federation files income tax returns. The Federation is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Personnel and all other expenses are allocated among program and supporting services based on estimated time and effort.

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date of Topic 842 to annual reporting periods beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. The Federation is evaluating the impact on its consolidated financial statements of adopting this guidance.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The main objective of this update is to provide financial statement users with more useful information in decision-making related to expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The amendment replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU was subsequently updated by ASU 2019-10, which finalized various effective dates on the implementation of the standard. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The Federation is currently evaluating the impact on its consolidated financial statements of adopting this guidance.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Federation is currently evaluating the effect the update will have on its consolidated financial statements.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF FEDERATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Federation has evaluated subsequent events through December 16, 2021, which is the date the consolidated financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Federation maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Federation considers all expenditures related to its ongoing activities to accomplish its mission as well as the conduct of services undertaken to support those activities to be general expenditures. Board designated reserves can be released upon resolution of the board and used for general expenditures. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Federation holds cash in various interest-bearing bank accounts with well-known financial institutions. In addition, the Federation has an \$8,000,000 line of credit, with an available balance of \$4,770,000 to meet cash flow needs.

Included in the Federation's total financial assets as of June 30, 2021 and 2020, respectively, are donor advised and supporting Federation funds amounting to approximately \$260,800,000 and \$181,500,000. The Federation serves as the sponsoring Federation, in accordance with IRS regulations, to separately identified donor advised fund accounts comprised of contributions made by donors and related earnings from investments. Once donors make contributions, the Federation has exclusive legal control over the funds. The donor, or the donor's named representatives, retains advisory privileges with respect to the distribution of funds and, in a limited manner, the investment of assets in the account. The Federation typically honors donors' grant recommendations for grants to 501(c)(3) public charities, in good standing with the IRS, for charitable purposes that are not in conflict with the Federation's mission, subject to the Federation's review and approval, and considers these assets to be available for general expenditures.

The Federation's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	\$ 63,165,071	\$ 63,493,960
Investments	456,936,728	325,255,129
Pledges receivable, net	11,083,366	10,128,910
Due from beneficiary agencies, net	2,547,162	2,686,051
Cash surrender value of life insurance policies (NOTE 8)	3,092,575	3,005,815
Other receivables (NOTE 8)	2,546,130	1,817,616
Due from estates (NOTE 8)	1,136,947	775,260
Total financial assets	540,507,979	407,162,741
Less amounts not available to be used within one year or without board approval:		
Obligations to affiliated agencies for assets held in trust	46,556,273	34,934,624
Time restrictions greater than one year	5,671,461	6,314,283
Endowed in perpetuity	17,532,932	14,242,795
Board designated endowment	5,254,485	4,206,637
All other illiquid investments	42,962,894	30,449,270
Split-interest agreements	3,747,515	3,413,020
Long-term portion of due from beneficiary agencies, net	884,607	1,086,405
Total financial assets not available to be used for general expenditures within one year or without board approval	122,610,167	94,647,034
Total financial assets available to management for general expenditures within one year	\$ 417,897,812	\$ 312,515,707

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

3. INVESTMENTS

Investments include the following at June 30:

	2021		
	Investments Measured at Fair Value	Investments Measured at NAV	Total
Mutual funds	\$ 203,061,647	\$ -	\$ 203,061,647
Equity securities	59,478,389	-	59,478,389
Commodities funds	840,277	-	840,277
State of Israel bonds	12,859,351	-	12,859,351
Corporate debt securities	1,262,157	-	1,262,157
Government securities	5,748	-	5,748
Alternative strategies	-	179,429,159	179,429,159
	\$ 277,507,569	\$ 179,429,159	\$ 456,936,728
	2020		
	Investments Measured at Fair Value	Investments Measured at NAV	Total
Mutual funds	\$ 151,202,249	\$ -	\$ 151,202,249
Equity securities	11,789,339	-	11,789,339
Commodities funds	809,722	-	809,722
State of Israel bonds	16,574,879	-	16,574,879
Corporate debt securities	1,592,035	-	1,592,035
Government securities	6,062	-	6,062
Alternative strategies	-	143,280,843	143,280,843
	\$ 181,974,286	\$ 143,280,843	\$ 325,255,129

4. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

The *Mutual Funds and Equity Securities* portfolios consist of mutual funds and equity securities managed by independent investment managers with discretionary investment authority. Equity securities consist primarily of common stocks. Mutual Funds and Equity Securities portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The *Commodities Funds* consist of actively traded commodities investments held by independent investment advisors. These investments are valued at their current market value determined on the basis of quotations. The investment objective of these funds are to outperform major commodities indices with a lower volatility. There are no funding commitments, and the funds are redeemable upon demand.

The *State of Israel Bonds* consist of individual bonds issued by the State of Israel. These securities are held to maturity. State of Israel Bonds are valued at fair value by discounting the related cash flows based on current yields of similar investments with comparable duration considering the credit-worthiness of the issuer (an amount which approximates the fair value).

The *Corporate Debt and Government Securities* portfolios consist of investments in securities issued by corporations and the U.S. government. These investments are valued at the closing price reported in the active market in which the individual securities are traded.

The *Alternative Strategies* portfolio is comprised of investments in limited partnership funds where the Federation has the right to withdraw its investments at least quarterly or annually after the expiration of "lock-up" periods of one to three years. These investments are funded not just by an initial contribution but also by periodic capital calls. The Federation's interests in alternative investment funds are generally reported at net asset value ("NAV") reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Federation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. As of June 30, 2021 and 2020, the Federation had no plans or intentions to sell investments at amounts different from NAV.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables represent the Federation's financial instruments measured at fair value on a recurring and nonrecurring basis for each of the fair value hierarchy levels or net asset value:

Description	Fair Value Measurement at Reporting Date Using:				
	Fair Value 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Recurring basis:					
Mutual funds	\$ 203,061,647	\$ 203,061,647	\$ -	\$ -	\$ -
Equity securities	59,478,389	59,478,389	-	-	-
Commodities funds	840,277	840,277	-	-	-
State of Israel bonds	12,859,351	-	12,859,351	-	-
Corporate debt securities	1,262,157	1,262,157	-	-	-
Government securities	5,748	-	5,748	-	-
Alternative strategies	179,429,159	-	-	-	179,429,159
Total investments	\$ 456,936,728	\$ 264,642,470	\$ 12,865,099	\$ -	\$ 179,429,159

Description	Fair Value Measurement at Reporting Date Using:				
	Fair Value 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Recurring basis:					
Mutual funds	\$ 151,202,249	\$ 151,202,249	\$ -	\$ -	\$ -
Equity securities	11,789,339	11,789,339	-	-	-
Commodities funds	809,722	809,722	-	-	-
State of Israel bonds	16,574,879	-	16,574,879	-	-
Corporate debt securities	1,592,035	1,592,035	-	-	-
Government securities	6,062	-	6,062	-	-
Alternative strategies	143,280,843	-	-	-	143,280,843
Total investments	\$ 325,255,129	\$ 165,393,345	\$ 16,580,941	\$ -	\$ 143,280,843

Investments measured at net asset value:

	Net Asset Value as of June 30, 2021	Net Asset Value as of June 30, 2020	Unfunded Commitments as of June 30, 2021	Redemption Frequency	Redemption Notice Period
Hedge Funds:					
Credit/Distressed (a)	\$ 9,589,872	\$ 14,552,649	\$ -	Ranges between monthly redemption to a redemption with a 1-year lock up period.	Lock-up provisions range from 30 to 65 days notice.
Event Driven (b)	5,340,371	4,648,480	-		
Hedged Equity/Long Short (c)	79,535,943	62,958,797	-		
Global Macro (d)	8,186,580	13,771,142	-		
Private Equity/Venture Capital					
Buyout (e)	32,710,797	21,353,652	17,390,590	Closed end investment funds not eligible for redemption.	Not redeemable
Private Debt (e)	22,897,651	12,603,233	11,299,206		
Venture Capital (e)	11,008,770	5,872,750	7,067,837		
Private Real Assets (f)	10,159,175	7,520,140	4,694,887	Closed end investment funds not eligible for redemption.	Not redeemable
TOTAL	\$ 179,429,159	\$ 143,280,843	\$ 40,452,520		

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

The Federation's financial assets are invested in publicly traded equities that are listed on national exchanges, treasury and agency bonds of the United States of America and International Governments, and investment grade corporate bonds for which active trading markets exist. Such assets are valued at quoted closing prices at year end.

As a practical expedient, the Federation relies on the NAVs of certain investments as their fair value. The NAVs that have been provided by investees are derived from their values of the underlying investments as of the reporting date. The tables above summarize, as of June 30, 2021 and 2020, the nature of these investments and any related liquidation restrictions or other factors, which may impact the ultimate value realized.

Included in alternative strategies are investments in offshore funds that include investments in hedge funds. The offshore funds are located primarily in the Cayman and British Virgin Islands. As part of the alternative strategy investment structure, initial capital commitments are required. Reflected at net asset value above are the amounts that have been funded toward the capital commitments.

- (a) The investment objective of the funds is to obtain a positive return regardless of fluctuations in the capital markets through, long/short equity positions, distressed securities, fixed income arbitrage and other derivative instruments.
- (b) A hedge fund style that aims to profit from the mispricing of securities related to hard and/or soft catalysts. Examples include mergers (merger arbitrage), restructurings, bankruptcies, litigation, regulatory and legislative changes. Activist investors who seek value creation through board participation or management changes are also included in this category.
- (c) The investment objective of the funds is to seek maximum capital while incurring reasonable risk appreciation primarily by using a variety of investment techniques, including employing three event-driven investment strategies: merger arbitrage; distressed securities, special situations and other funds.
- (d) A hedge fund style focused on employing a top-down approach to invest in any market in order to capture extended market movements. Global macro managers generally have broad mandates to invest globally across all asset classes. These managers tend to employ leverage and have exposure to global interest rates, currencies, commodities and equities.
- (e) A hedge fund style that opportunistically allocates capital to various hedge fund strategies and uses diversification to reduce asset-class and single-strategy risks. Ideally, multi-strategy portfolio managers tactically shift capital among strategies in order to capitalize on current market opportunities. Some multi-strategy funds act as a collection of traders, while others have a more formal organizational structure.
- (f) The investment objective of the funds is to obtain significant returns for its partners through capital appreciation. Partnerships pursue an investment strategy of making private equity investments in the following categories: venture capital, buyout, mezzanine financing and distressed securities in a variety of industries.

At June 30, 2021 and 2020, the Federation investment in Israel Bonds totaled approximately \$12,859,000 and \$16,574,900, respectively. The bonds consist of various maturities and interest rates. It is the Federation's policy to hold Israel Bonds to maturity. Bonds held in the Federation's investment pool, within the Foundation, are renewed upon maturity, while bonds held by the Federation in its general fund are redeemed for cash at maturity. There is no active trading market for Israel Bonds, although there is a secondary market. Because the Federation holds Israel Bonds to maturity, the valuation on the books of Federation is equal to the purchase price of the bond.

Certain investments have been made on behalf of affiliated agencies. These investments are reflected as investments and obligations to affiliated agencies for assets held in trust in the consolidated statements of financial position. As of June 30, 2021 and 2020, total investments of \$45,318,661 and \$34,934,624, respectively, are held in trust for affiliated agencies and are reflected in the consolidated statements of financial position.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Investment return, net of expenses, consists of the following for the years ended June 30, 2021 and 2020:

	2021		
	Without donor restrictions	With donor restrictions	Total
Dividends and interest	\$ 2,722,371	\$ 515,954	\$ 3,238,325
Net realized gains	11,697,882	1,114,044	12,811,926
Net unrealized gains	38,552,633	11,544,083	50,096,716
	\$ 52,972,886	\$ 13,174,081	\$ 66,146,967
	2020		
	Without donor restrictions	With donor restrictions	Total
Dividends and interest	\$ 1,848,011	\$ 860,532	\$ 2,708,543
Net realized gains	13,332,309	2,963,826	16,296,135
Net unrealized losses	(13,144,336)	(3,034,924)	(16,179,260)
	\$ 2,035,984	\$ 789,434	\$ 2,825,418

5. PLEDGES RECEIVABLE, NET

Pledges receivable are due as follows at June 30:

	2021	2020
Amounts due in less than one year	\$ 12,436,732	\$ 12,569,506
Amount due in one to five years	2,204,771	1,355,805
Gross pledges receivable	14,641,503	13,925,311
Less: Allowance for uncollectible pledges	(3,516,604)	(3,730,056)
Unamortized discount	(41,533)	(66,345)
Pledges receivable, net	\$ 11,083,366	\$ 10,128,910

Included in net campaign and other current pledges revenue of \$24,238,390 is \$2,194,286 related to Supplemental Campaign Income for the year ended June 30, 2021. Included in net campaign and other current pledges revenue of \$21,243,429 is \$3,015,326 related to Supplemental Campaign Income for the year ended June 30, 2020. Bad debt expense on pledges totaled \$159,858 and \$1,192,291 for the years ended June 30, 2021 and 2020, respectively.

Pledges receivable with payment terms in excess of one year have been discounted using an average market rate of interest (approximately 0.56% and 0.24% as of June 30, 2021 and 2020, respectively) to reflect their estimated present value.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

6. DUE FROM BENEFICIARY AGENCIES, NET

Due from beneficiary agencies, net consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Due from beneficiary agencies	\$ 2,634,239	\$ 2,797,162
Less: Unamortized discount and allowance for uncollectible accounts	<u>(87,077)</u>	<u>(111,111)</u>
Due from beneficiary agencies, net	<u>\$ 2,547,162</u>	<u>\$ 2,686,051</u>

Due from beneficiary agencies represents non-interest bearing advances and interest bearing loans to various beneficiary agencies in addition to their annual allocations. The Federation anticipates that these amounts due will be collected from these beneficiary agencies in the ordinary course of business through fundraising efforts. These advances are due between one and sixteen years and have been discounted to their present value. At June 30, 2021 and 2020, a receivable from Jewish Community Services of South Florida, Inc. and Affiliate in the amount of \$825,000 and \$907,500, respectively, has been discounted over the remaining period, using the U.S. Treasury risk free rate of return of approximately 3%.

The following represents the gross estimated collections from beneficiary agencies to be received by the Federation as of June 30, 2021:

Years ending June 30,	
2022	\$ 1,749,632
2023	204,305
2024	102,802
2025	82,500
2026	82,500
Thereafter	<u>412,500</u>
	<u>\$ 2,634,239</u>

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,283,055	\$ 3,283,055
Buildings	1,434,261	1,599,261
Improvements	3,260,592	3,324,974
Office furniture, equipment and software	<u>3,685,413</u>	<u>3,685,413</u>
	11,663,321	11,892,703
Less: accumulated depreciation	<u>(7,541,972)</u>	<u>(7,806,263)</u>
Property and equipment, net	<u>\$ 4,121,349</u>	<u>\$ 4,086,440</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$199,839 and \$186,923, respectively.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

8. OTHER ASSETS

Other assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash surrender value of life insurance policies	\$ 3,092,575	\$ 3,005,815
Other receivables	2,546,130	1,817,616
Due from estates	1,136,947	775,260
Due from JAFI	1,221,225	1,285,440
Mortgage receivable – employee	-	103,134
Prepaid expenses	411,979	262,901
Other assets	2,557,646	2,176,979
Due from charitable trusts (Federation not trustee)	2,237,808	2,160,000
	<u>\$ 13,204,310</u>	<u>\$ 11,587,145</u>

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 2,882,869	\$ 2,403,727
Paycheck Protection Program liability	272,500	1,735,400
Deferred liabilities, refundable advances, and deferred compensation	2,060,733	1,926,787
	<u>\$ 5,216,102</u>	<u>\$ 6,065,914</u>

Paycheck Protection Program Liability

On April 14, 2020, the Federation received loan proceeds in the amount of \$1,462,900 and on April 16, 2020, CAJE received loan proceeds in the amount of \$272,500 under the PPP authorized by the CARES Act. The loans began accruing interest at a rate of 1.00% on the effective dates with principal payments due in equal monthly installments, commencing November 14 and November 16, 2020 and maturing on April 14, 2022 and April 16, 2022. Under the PPP, loan funds are eligible for forgiveness to the extent that they were used for qualifying expenses to cover certain payroll, rent, and utility costs and if Federation and CAJE retain employees during a specified period. The proceeds of the loan were recognized as a refundable advance in accordance with Accounting Standards Codification (“ASC”) 958-605 and are included within current liabilities on the accompanying consolidated statements of financial position as of June 30, 2020. During the year ended June 30, 2021, the Federation was granted forgiveness and all conditions of the loan were explicitly waived. The proceeds of approximately \$1,462,900 have been recognized as other income on the accompanying consolidated statements of activities for the year ended June 30, 2021. The CAJE portion of the PPP loan was forgiven subsequent to June 30, 2021 and as such has been recorded as a liability at June 30, 2021.

10. CONTRIBUTION FROM SALE OF PROJECT ASSETS

The Federation was a Project sponsor of three affordable housing entities: Jewish Federation Housing, Inc., Jewish Federation Housing II, Inc., and Jewish Federation Housing III, Inc., (collectively referred to as the “Projects”). On November 14, 2019, the Projects completed the sale of their land, buildings and related fixed assets to a third party (the “Buyer”). The Buyer is required to continue to operate the Projects as affordable housing facilities for low-income elderly for at least 40 years.

Prior to the sale closing, the Federation received a deposit of \$3,000,000, which was included within accounts payable and other liabilities on the accompanying consolidated statements of financial position as of June 30, 2019. Upon closing on November 14, 2019, the Federation received net proceeds of \$53,187,245, which is included within the caption “contribution from the sale of project assets” on the accompanying consolidated statements of activities for the year ended June 30, 2020. During the year ended June 30, 2020, total net proceeds of \$56,187,245 were recognized upon consummation of the sale.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

11. SUMMARY OF ALLOCATIONS AND GRANTS FOR DESIGNATED PURPOSES

Allocations and grants of net assets without donor restrictions categorized by type of program are as follows for the years ended June 30:

	2021	2020
The Jewish Federations of North America	\$ 7,491,288	\$ 7,205,325
Annual campaign education and culture	3,211,867	3,220,673
Services to the aged	703,271	603,856
Youth services and recreation	2,607,524	2,598,450
Counseling services	698,223	698,223
Health services	237,654	237,654
Other community programming	1,261,643	1,130,479
Target grants for Israel and overseas	767,506	1,238,394
Total allocations to agencies	9,487,688	9,727,729
<u>Donor advised and other designated funds:</u>		
Federation and beneficiary agencies	5,967,847	5,264,867
Jewish charitable purposes	8,086,795	5,817,427
Organizations serving Florida	26,643,048	2,641,220
Organizations outside Florida	2,026,268	2,645,144
Other	83,076	98,811
	42,807,034	16,467,469
<u>Supporting Foundations:</u>		
Federation and beneficiary agencies	720,700	584,855
Jewish charitable purposes	299,100	501,865
Organizations serving Florida	136,350	226,050
Organizations outside Florida	237,000	179,650
	1,393,150	1,492,420
Total allocations for grants and designated purposes	44,200,184	17,959,889
Total allocations	\$ 61,179,160	\$ 34,892,943

12. ENDOWMENTS

The Federation's endowments consist of individual funds established for a variety of purposes. Its endowments are comprised of funds with no donor restriction, donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Federation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. ENDOWMENTS (CONTINUED)

The Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

1. The duration and preservation of the fund.
2. The purpose of the Federation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Federation.
7. The investment policies of the Federation.

For the years ended June 30, 2021 and 2020, the Federation has elected not to add appreciation for cost of living or spending to its endowment funds with donor restrictions.

A summary of endowment assets at June 30, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ -	\$ 59,441,871	\$ 59,441,871
Board designated endowment funds	5,254,485	-	5,254,485
Total endowment net assets	\$ 5,254,485	\$ 59,441,871	\$ 64,696,356

A summary of endowment assets at June 30, 2020 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ -	\$ 48,598,326	\$ 48,598,326
Board designated endowment funds	4,206,637	-	4,206,637
Total endowment net assets	\$ 4,206,637	\$ 48,598,326	\$ 52,804,963

The change in endowment assets for the year ended June 30, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 4,206,637	\$ 48,598,326	\$ 52,804,963
Investment change	1,092,789	13,000,426	14,093,215
Contributions	-	750,845	750,845
Amounts appropriated for expenditure	(44,941)	(2,907,726)	(2,952,667)
Endowment net assets, end of year	\$ 5,254,485	\$ 59,441,871	\$ 64,696,356

The change in endowment assets for the year ended June 30, 2020 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 4,371,522	\$ 51,489,493	\$ 55,861,015
Investment change	65,115	809,696	874,811
Contributions	-	558,146	558,146
Amounts appropriated for expenditure	(230,000)	(4,259,009)	(4,489,009)
Endowment net assets, end of year	\$ 4,206,637	\$ 48,598,326	\$ 52,804,963

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

12. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Federation to retain as a fund of perpetual duration. As of June 30, 2021 and 2020, the fair market value of these donor restricted endowment funds was approximately \$17,533,000 and \$14,243,000, respectively. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restriction and amounted to approximately \$761,000 and \$2,292,000 as of June 30, 2021 and 2020, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that are equivalent to the spending policy of 5 percent plus inflation while assuming a moderate level of investment risk. The Federation expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Federation has a general policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 6 calendar years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Federation considered the long-term expected return on its endowment. Accordingly, over the long term, the Federation expects the current spending policy to allow its endowment to grow. The Board of Directors approved a constant spending policy of 5 percent.

13. COMMITMENTS AND CONTINGENCIES

Guarantees of Indebtedness

Pursuant to certain guaranty agreements, the Federation guarantees debt of certain beneficiary agencies. Should these agencies default on their debt payments, the Federation is responsible for the payment. The Federation reviews its debt guarantees on an ongoing basis.

The nature of the guarantees as of June 30, 2021 is as follows:

Borrower	Amount	Nature of Debt	Bond Maturity Date	Letter of Credit Expiration Date
Michael-Ann Russell JCC	\$ 9,000,000	Tax exempt bonds	January 29, 2039	January 20, 2025
Michael-Ann Russell JCC	6,691,712	Tax exempt loan	October 1, 2036	N/A
Dave and Mary Alper JCC	5,695,000	Tax exempt bonds	April 11, 2032	April 15, 2023
Gainesville Hillel, Inc.	5,000,000	Tax exempt bonds	May 8, 2033	May 15, 2026
Miami Beach JCC	9,100,000	Tax exempt bonds	July 1, 2041	July 1, 2022
	<u>\$ 35,486,712</u>			

The plan for the agencies is to raise money through fundraising efforts to satisfy their debt. The Federation believes that the fair market value of the borrowers' properties is in excess of the outstanding debt.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantees of Indebtedness (Continued)

Where indicated, the tax exempt bonds are credit enhanced by a letter of credit from a lender. If the letters are not renewed prior to their expiration dates, in certain circumstances the bonds may be payable on the letter of credit expiration date. The Federation has no reason to believe that any of the letters of credit will not be renewed.

Michael-Ann Russell JCC

Regarding Michael-Ann Russell JCC ("MARJCC"), the Federation administers the agency's endowment funds totaling \$3,300,000, which are reflected in the consolidated statements of financial position at June 30, 2021. Additionally, MARJCC will continue fundraising to retire the debt when it becomes due. MARJCC has and is expected to continue to meet its interest and principal obligations in the near future.

Dave and Mary Alper JCC

Regarding Dave and Mary Alper JCC ("Alper"), the Federation administers the agency's endowment funds totaling approximately \$1,800,000, which are reflected in the consolidated statements of financial position at June 30, 2021. Alper continues to pursue capital contributions to pay off the tax-exempt bonds when they become due. Alper has and is expected to continue to meet its interest obligations in the near future.

Gainesville Hillel, Inc.

Regarding Gainesville Hillel, Inc. ("Hillel"), the Federation administers the agency's endowment funds totaling approximately \$2,000,000, which are reflected in the consolidated statements of financial position at June 30, 2021. Additionally, Hillel continues to actively pursue capital contributions to pay off the tax-exempt bonds when they become due. Hillel has and is expected to continue to meet its interest obligations in the near future.

Miami Beach Jewish Community Center, Inc.

Regarding Miami Beach Jewish Community Center, Inc. ("MBJCC"), the Federation administers the agency's endowment funds totaling \$5,400,000, which are reflected in the consolidated statements of financial position at June 30, 2021. MBJCC will continue fundraising to retire the debt when it becomes due. MBJCC has annual debt amortization of \$260,000. MBJCC has and is expected to continue to meet its interest and principal obligations in the near future.

Operating Leases

The Federation entered into various agreements to lease office equipment at a monthly payment of \$7,295 for a term of five years through December 2025.

14. LINE OF CREDIT

The Federation has a line of credit with a financial institution to borrow up to \$8,000,000 in order to provide liquidity for working capital needs. The line matures on October 30, 2023. The outstanding balance is \$3,230,000 at June 30, 2021 and 2020. The line of credit bears interest at the 30-day London Interbank Offered Rate ("LIBOR") plus 100 basis points, with a LIBOR floor of 1.5%. The interest rate was 2.50% and 1.17% as of June 30, 2021 and 2020, respectively. The agreement requires certain liquidity ratios be maintained, which the Federation was in compliance with at June 30, 2021 and 2020.

GREATER MIAMI JEWISH FEDERATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 5,671,461	\$ 6,314,283
Agency programs	256,432	272,185
Annual campaign	6,568,575	5,078,069
Community programs	16,563,343	13,574,474
Education programs	868,519	768,464
Support for the elderly	7,883,448	6,504,800
Holocaust survivors support	147,115	116,504
Israel programs	17,456,636	14,067,038
Leadership programs	779,885	719,789
Medical assistance programs	729,722	576,780
Support for the needy	3,458,530	2,993,492
Scholarships	5,161,858	4,340,884
	<u>\$ 65,545,524</u>	<u>\$ 55,326,762</u>

Included within net assets with donor restrictions are funds held in perpetuity of \$17,532,932 and \$14,242,795 as of June 30, 2021 and 2020, respectively.

16. LAND LEASES

As of March 19, 1989, the Federation entered into a ninety-nine year lease with Alper for the land which is now occupied by Alper. Alper agrees to pay the Federation an annual rental fee of \$1. The Federation has recognized the market value of the lease, estimated at \$225,600 annually, as rent income and allocation expense. As of January 25, 1977, the Federation entered into a ninety-nine year lease with the MARJCC for the land which is now occupied by MARJCC. The Federation has recognized the market value of the lease, estimated at \$210,000 annually, as rent income and allocation expense. Due to the restricted and conditional nature of the ninety-nine year leases, the donated use of the properties are evaluated on an annual basis by the Federation to determine if Alper and MARJCC have met the conditions stipulated in the lease agreements.