



Jewish Communal Fund
2022 Annual Financial Report

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INVESTMENTS

In consultation with its investment advisors, the Investment Committee of the Jewish Communal Fund periodically reviews investments and establishes investment policies. These policies are designed to:

- (1) ensure that Fundholder contributions and fund assets are continuously invested;
- (2) maximize investment returns in relation to risk;
- (3) maintain varied investment alternatives that are suitable for various philanthropic plans;
- (4) ensure that operating expenses are minimal and competitive; and
- (5) ensure that funds are readily available for grant-making.

When a donor advised fund is established, the first \$5,000 (or such lesser amount for funds with a lower threshold) must be invested in one or both of our primary investments: an institutional money market fund and/or a short-term bond fund, both managed by BlackRock. Fundholders may request to have the proceeds in excess of the first \$5,000 invested in our investment options, with a minimum of \$2,500 per investment option. Fundholders may exercise this privilege each time a contribution is made and may recommend a reallocation of the assets in the fund four times each calendar year.

| Investment Name | Ticker |
|--|-------------------|
| BlackRock Core Bond Portfolio..... | CCBBX |
| BlackRock JCF Short Duration Bond Fund | Privately managed |
| BlackRock Strategic Income Opportunities | .BSIKX |
| BlackRock Treasury Trust Fund (Institutional Money Market) | TTTXX |
| Champlain Mid Cap Fund | .CIPIX |
| Dodge & Cox International Equity | DODFX |
| Domini Impact International Equity | DOMOX |
| DoubleLine Total Return Bond Fund..... | DBLTX |
| Harbor (Large Cap. Value)..... | HAVLX |
| Israel Bonds: 2-year Jubilee Bond..... | n/a |
| Israel Bonds: 2-year Maccabee Bond | n/a |
| Jennison (Large Cap. Growth) | .PJFQX |
| JLens Jewish Advocacy Strategy | Privately managed |
| Loomis Sayles Investment Grade Fixed Income Fund | .LSIGX |
| MassMutual High Yield | BXHYX |
| Neuberger Berman Genesis (Small Cap. Blend) | NBGIX |
| Parnassus Core Equity Fund | .PRILX |
| Principal Diversified Real Asset | PDRDX |
| RBC Emerging Markets Equity | .REEIX |
| T. Rowe Price Institutional Floating Rate | .RPIFX |
| TIAA-CREF Core Impact Bond Fund..... | TSBIX |
| VanEck Vectors Israel ETF | .ISRA |
| Vanguard Institutional Index (Large Cap. Blend)..... | .VIIIX |
| Vanguard Mid-Cap Index | .VMCIX |
| Vanguard Russell 1000 Growth Index ETF | .VONG |
| Vanguard Small-Cap Index | .VSCIX |
| Vanguard Total International Bond Index | .VTIFX |
| Vanguard Total International Stock Index..... | .VTSNX |

Pre-Set Investment Portfolios

In addition to the customized investment allocation options mentioned above, Fundholders can choose from the following Pre-Set Investment Portfolios: Conservative Portfolio, Moderate Portfolio, Aggressive Portfolio, and ESG Portfolio. A minimum investment of \$10,000 is required to invest in any of these portfolios. To view the underlying investments within each of the Pre-Set Portfolios, please visit the JCF website.

Privately Managed Accounts

Fundholders with over \$55,000 in assets may opt to invest in one of three privately managed accounts. These accounts are: Eagle Capital Management, Gabelli Asset Management (GAMCO), and Neuberger Berman, LLC. A minimum investment of \$50,000 is required to invest in any one of these accounts.

Private Investment Managers

Fundholders with a fund balance of over \$500,000 may choose from a selection of approved additional investments that span equities, fixed income and hedge fund strategies. In general, the investments on this platform offer limited liquidity or may utilize more complicated strategies than those on the standard platform.

Fundholders with fund balances over \$1 million may also recommend that the assets be invested with, or managed by, managers that currently are not part of the Jewish Communal Fund's investment program. These recommendations will be considered on a case-by-case basis and subject to particular criteria that include, but are not limited to, the type of investment program and strategy, stability of management, long-term performance, volatility of results, regulatory compliance, reputation, liquidity, fees and expenses, and transparency of transactions. JCF will refer the request to our investment consultants for their review. They, in turn, will report their findings to the JCF Investment Committee. The decision as to whether to approve a particular investment manager is within the sole and absolute discretion of the Investment Committee.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jewish Communal Fund

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Jewish Communal Fund (an entity of a sole member) ("JCF"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Communal Fund as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services.

EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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



EISNERAMPER LLP
New York, New York
November 3, 2022

Consolidated Statements of Financial Position

| | June 30, | |
|--|-------------------------|-------------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Cash and cash equivalents | \$ 67,740,126 | \$ 54,543,196 |
| Amounts due from investment managers | 10,991,677 | 13,427,150 |
| Accrued income and other assets | 6,272,392 | 5,521,748 |
| Investments | 2,482,156,631 | 2,357,029,001 |
| Right-of-use asset – operating lease | 2,721,898 | 3,117,475 |
| Property and equipment, net | 57,929 | 129,353 |
| Website costs, net | 159,162 | - |
| Total assets | <u>\$ 2,570,099,815</u> | <u>\$ 2,433,767,923</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued operating expenses | \$ 2,424,555 | \$ 1,282,986 |
| Amounts due to investment managers | 87,303,609 | 16,505,247 |
| Lease liability | 2,749,841 | 3,139,322 |
| Total liabilities | <u>92,478,005</u> | <u>20,927,555</u> |
| Commitments, lease agreement, other contracts and other uncertainty (see Notes B and G) | | |
| Without donor restrictions: | | |
| Undesignated – available for operations | 2,439,476,873 | 2,368,785,888 |
| Designated and semi-designated | 16,084,206 | 18,800,635 |
| Functioning as endowment | 19,432,204 | 24,112,683 |
| Reserve fund | 2,628,527 | 1,141,162 |
| Total net assets | <u>2,477,621,810</u> | <u>2,412,840,368</u> |
| Total liabilities and net assets | <u>\$ 2,570,099,815</u> | <u>\$ 2,433,767,923</u> |

See notes to consolidated financial statements.

Consolidated Statements of Activities

| | Year Ended June 30, | |
|---|----------------------------------|----------------------------------|
| | 2022 | 2021 |
| | Without Donor Restrictions | Without Donor Restrictions |
| Public support and revenue: | | |
| Contributions received | \$ 862,536,382 | \$ 582,498,438 |
| Interest and dividend income, net | 16,986,960 | 10,774,739 |
| Net realized losses from sales of other assets | - | (131,073) |
| Net realized and unrealized (losses) gains on investments | <u>(212,653,283)</u> | <u>388,189,167</u> |
| Total public support and revenue | <u>666,870,059</u> | <u>981,331,271</u> |
| Expenses: | | |
| Program: Grants to philanthropic institutions and related expenses | 594,591,337 | 521,952,908 |
| Management and general | 5,401,320 | 3,968,293 |
| Fund-raising | <u>2,095,960</u> | <u>1,852,036</u> |
| Total expenses | <u>602,088,617</u> | <u>527,773,237</u> |
| Increase in net assets | 64,781,442 | 453,558,034 |
| Net assets without donor restrictions - beginning of year | <u>2,412,840,368</u> | <u>1,959,282,334</u> |
| Net assets without donor restrictions - end of year | <u>\$ 2,477,621,810</u> | <u>\$ 2,412,840,368</u> |

See notes to consolidated financial statements.

Consolidated Statements of Functional Expenses

| Year Ended June 30, 2022 | | | | | |
|--------------------------------------|--|------------------------------|---------------------|---------------------------------|-----------------------|
| | Program: Grants to Philanthropic Institutions and Related Expenses | Supporting Services | | | Total Expenses |
| | | Management and General | Fund- Raising | Total Supporting Services | |
| Expenses: | | | | | |
| Grants to philanthropic institutions | \$ 556,832,248 | \$ - | \$ - | \$ - | \$ 556,832,248 |
| Salaries and employee benefits | 1,217,665 | 2,585,977 | 1,351,231 | 3,937,208 | 5,154,873 |
| Professional fees | - | 1,207,754 | - | 1,207,754 | 1,207,754 |
| Conferences, meetings and travel | 6,036 | 8,620 | 96,577 | 105,197 | 111,233 |
| Advertising and promotion | - | - | 393,860 | 393,860 | 393,860 |
| Occupancy costs | 191,326 | 273,218 | 150,257 | 423,475 | 614,801 |
| Office expenses | 49,007 | 69,983 | 38,488 | 108,471 | 157,478 |
| Information technology costs | - | 772,084 | - | 772,084 | 772,084 |
| Insurance | 36,633 | 52,313 | 28,770 | 81,083 | 117,716 |
| Federal and state taxes | - | 84,406 | - | 84,406 | 84,406 |
| Banking and credit card fees | - | 288,102 | - | 288,102 | 288,102 |
| Other expenses | 18,994 | 27,122 | 19,321 | 46,443 | 65,437 |
| Depreciation and amortization | 22,227 | 31,741 | 17,456 | 49,197 | 71,424 |
| Subtotal expenses | <u>558,374,136</u> | <u>5,401,320</u> | <u>2,095,960</u> | <u>7,497,280</u> | <u>565,871,416</u> |
| Grants to UJA (sole member of JCF) | <u>36,217,201</u> | | | | <u>36,217,201</u> |
| Total expenses | <u>\$ 594,591,337</u> | <u>\$ 5,401,320</u> | <u>\$ 2,095,960</u> | <u>\$ 7,497,280</u> | <u>\$ 602,088,617</u> |

| Year Ended June 30, 2021 | | | | | |
|--------------------------------------|--|------------------------------|---------------------|---------------------------------|-----------------------|
| | Program: Grants to Philanthropic Institutions and Related Expenses | Supporting Services | | | Total Expenses |
| | | Management and General | Fund- Raising | Total Supporting Services | |
| Expenses: | | | | | |
| Grants to philanthropic institutions | \$ 495,233,887 | \$ - | \$ - | \$ - | \$ 495,233,887 |
| Salaries and employee benefits | 902,448 | 1,963,701 | 1,189,478 | 3,153,179 | 4,055,627 |
| Professional fees | - | 775,220 | - | 775,220 | 775,220 |
| Conferences, meetings and travel | 3,510 | 5,295 | 11,343 | 16,638 | 20,148 |
| Advertising and promotion | - | - | 372,415 | 372,415 | 372,415 |
| Occupancy costs | 168,982 | 254,946 | 164,861 | 419,807 | 588,789 |
| Office expenses | 28,526 | 43,038 | 27,830 | 70,868 | 99,394 |
| Information technology costs | - | 521,274 | - | 521,274 | 521,274 |
| Insurance | 27,344 | 41,255 | 26,678 | 67,933 | 95,277 |
| Federal and state taxes | - | 71,283 | - | 71,283 | 71,283 |
| Banking and credit card fees | - | 213,828 | - | 213,828 | 213,828 |
| Other expenses | 23,228 | 35,042 | 31,359 | 66,401 | 89,629 |
| Depreciation and amortization | 28,773 | 43,411 | 28,072 | 71,483 | 100,256 |
| Subtotal expenses | <u>496,416,698</u> | <u>3,968,293</u> | <u>1,852,036</u> | <u>5,820,329</u> | <u>502,237,027</u> |
| Grants to UJA (sole member of JCF) | <u>25,536,210</u> | | | | <u>25,536,210</u> |
| Total expenses | <u>\$ 521,952,908</u> | <u>\$ 3,968,293</u> | <u>\$ 1,852,036</u> | <u>\$ 5,820,329</u> | <u>\$ 527,773,237</u> |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

| | Year Ended June 30, | |
|---|-----------------------------|-----------------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 64,781,442 | \$ 453,558,034 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 71,424 | 100,256 |
| Net realized losses on sales of other assets | - | 131,073 |
| Net realized and unrealized losses (gains) on investments | 212,653,283 | (388,189,167) |
| Donated private equities held for investment | - | (47,749,685) |
| Non-cash lease amortization | 395,577 | 376,329 |
| Changes in: | | |
| Amounts due from investment managers | 2,435,473 | (9,785,134) |
| Accrued income and other assets | (750,644) | (2,939,658) |
| Accounts payable and accrued operating expenses | 1,141,569 | 273,216 |
| Amounts due to investment managers | 70,798,362 | 9,311,096 |
| Lease liability | (389,481) | (354,482) |
| Net cash provided by operating activities | <u>351,137,005</u> | <u>14,731,878</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales of other assets | - | 1,163,794 |
| Proceeds from the sales of investments | 10,267,478,566 | 6,274,594,790 |
| Purchases of investments | (10,605,259,479) | (6,305,404,258) |
| Capitalized website costs | (159,162) | - |
| Net cash used in investing activities | <u>(337,940,075)</u> | <u>(29,645,674)</u> |
| Net change in cash and cash equivalents | 13,196,930 | (14,913,796) |
| Cash and cash equivalents - beginning of year | <u>54,543,196</u> | <u>69,456,992</u> |
| Cash and cash equivalents - end of year | \$ <u>67,740,126</u> | \$ <u>54,543,196</u> |
| Supplemental disclosures of cash flow information: | | |
| Noncash investing and financing transactions: | | |
| Unrelated business income taxes paid | <u>\$ 3,717</u> | <u>\$ 18,000</u> |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Jewish Communal Fund ("JCF") was organized in 1972 as an independent, public charity (not a private foundation) under the not-for-profit corporation law of the State of New York. Through donor-advised funds, JCF offers individuals and families a way to simplify their charitable giving and to plan their philanthropy over time. JCF extends to donors or their successors the privilege of recommending grants from their funds to the qualified charities of their choice. The United Jewish Appeal - Federation of Jewish Philanthropies of New York, Inc. ("UJA") is the sole member of JCF.

JCF is, in turn, the sole member of Jewish Communal Fund Holdings LLC ("Holdings LLC"). Holdings LLC is a limited liability, not-for-profit corporation organized in Delaware in September 2001. JCF is the sole member of Jewish Communal Fund Holdings II, LLC ("Holdings II LLC"). Holdings II LLC is a limited liability, not-for-profit corporation organized in Delaware in 2013. JCF is also the sole member of Jewish Communal Fund Holdings IV, LLC ("Holdings IV LLC") and Jewish Communal Fund Holdings V, LLC ("Holdings V LLC") which are limited liability not-for-profit corporations organized in Delaware in 2018. During fiscal-year 2022, JCF became the sole member of Jewish Communal Fund Holdings VI LLC ("Holdings VI LLC") and Jewish Communal Fund Holdings VII LLC ("Holdings VII LLC") which are limited liability, not-for-profit corporations organized in Delaware. Holdings LLC, Holdings II LLC, Holdings IV LLC, Holdings V LLC, Holdings VI LLC and Holdings VII LLC were established for similar purposes, to hold certain donations, as JCF deems necessary.

The financial statements of Holdings LLC, Holdings II LLC, Holdings IV LLC, Holdings V LLC, Holdings VI LLC, and Holdings VII LLC, (collectively the "LLCs") have been included in the consolidated financial statements, with all inter-organizational transactions eliminated in the consolidation process.

JCF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is classified as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Additionally, JCF is exempt from state and local income taxes under comparable laws. Donors are entitled to the maximum income tax benefits for their donations that are permitted under present federal and state laws. The LLCs are considered to be disregarded entities for tax purposes, and therefore the activities of the LLCs are reported in JCF's tax and compliance returns.

[2] Basis of accounting:

The consolidated financial statements of JCF have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

JCF considers highly liquid investments, purchased with an original maturity of three months or less, to be cash equivalents. Cash and cash equivalents primarily include funds held temporarily by various investment institutions, awaiting disposition. This does not include money-market funds and certificates of deposit, which are included within the investment category.

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments:

Investments in equity securities, bond and equity mutual funds, and all investments in debt securities are reported at their fair values at each fiscal year-end in the consolidated statements of financial position. Purchases of long-term certificates of deposit, with initial maturity dates greater than three months, are included as part of the investment portfolio and are reported at fair value.

As a practical expedient, the fair values of certain investments of JCF are measured using the net asset value ("NAV") per share (or its equivalent unit) of the investments.

JCF has investments in non-readily-marketable securities, which are ownership interests in private equity securities and certain limited partnerships ("LPs") for which market values are not readily obtainable. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of these investments, JCF and its various investment managers monitor their positions to reduce the risk of potential losses due to changes in fair values or the failures of counterparties to perform. The estimated values provided by these managers may differ from actual values had a ready market for these investments existed.

Certain of the funds in which JCF has a position enter into various financial instruments in the normal course of their operations, including derivatives held or issued for trading purposes. These investments are subject to market risks, which arise from changes in securities values and other market conditions. As part of their overall trading strategy, the investment funds may engage in the purchase and sale of index and equity options, for the purpose of generating profit and/or reducing market risk. Due to the level of risk associated with these types of securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements. The various managers monitor their positions continuously, to reduce the risk of potential loss due to changes in fair values or to the failure of counterparties to perform.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Distributions from limited partnerships and limited liability companies that represent returns of contributed capital reduce the cumulative costs basis of the respective investment. Distributions received from limited partnerships and limited liability companies in excess of JCF's cumulative cost basis are recognized as realized gains.

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Donated securities are recorded at their fair values on the date of donation or by the net asset value, as determined by the fund manager. JCF's policy is to sell donated securities immediately upon receipt with the exception of donated investments in LLCs, and other certain non-readily-marketable securities, which are sold as soon as reasonably possible, as at times there may be restrictions on the sales of these assets. Accordingly, for purposes of the consolidated statements of cash flows, donated securities received and sold within the same year are reported as operating activities. With respect to equity securities received from donors which, for example: (i) are not readily marketable; (ii) represent ownership interests of private companies; or (iii) are the securities of companies in liquidation, JCF's policy is to record such items at appraised value or cost at the time of donation, in the absence of readily determinable fair values, which approximates a fair value.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note B are those specific fees charged by JCF's various investment managers in each fiscal year; however, they do not include those fees that may be embedded in various other investment accounts and transactions.

From time-to-time, investment transactions may be initiated prior to a fiscal year-end but may not be settled until the following fiscal year. Accordingly, amounts to be received or transferred by JCF are reported as "amounts due from" or "due to" investment managers in the consolidated statements of financial position. Likewise, accrued interest or dividends due to JCF at the fiscal year-end are reported as accrued income in the consolidated statements of financial position.

[6] Property and equipment:

Property and equipment are stated at their original cost at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation and amortization. JCF capitalizes items of property and equipment that have a cost of \$5,000 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the related furniture, equipment, and computer hardware, which range from five to seven years. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events during fiscal-years 2022 or 2021 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Website costs:

Website costs related to application development, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and support are expensed as incurred. JCF capitalizes website costs that have a cost of \$5,000 or more and a useful life greater than one year. Capitalized costs are amortized over a five year expected life using the straight-line method. As of June 30, 2022 and 2021, capitalized website costs are presented net of accumulated amortization of \$86,500 in both fiscal years. During fiscal-year 2022, redesign costs of its online donor platform were \$159,162, but the project had not yet been placed in service as of June 30, 2022.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**[8] Leases:**

JCF determines if an arrangement is a lease at inception. For JCF's operating lease, a right-of-use ("ROU") asset represents JCF's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since JCF's lease agreement does not provide an implicit interest rate, JCF uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

[9] Accrued vacation:

Based on their tenure, employees are entitled to be paid for unused vacation time if they leave JCF. The accrued vacation obligation was \$209,935 and \$205,756 for fiscal-years 2022 and 2021, respectively, and is reported as part of accounts payable and accrued expenses in the accompanying consolidated statements of financial position. Employees may accrue up to one year of their vacation time.

[10] Net assets:*(i) Net Assets Without Donor Restrictions:*

Net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors regarding their use. JCF has established four distinct types of philanthropic funds without donor restrictions:

- *Undesignated funds* (at times referred to as the operating fund), where the privilege of grant recommendation is given to the donor (and his or her designees) and the distribution of principal and income is governed by JCF grant guidelines. Grant-making is subject to the approval of JCF's Board of Trustees and its Charitable Distribution Committee.
- *Designated funds*, where the beneficiaries and the schedule of distributions are established at the time of the gift and are approved by the Charitable Distribution Committee before JCF accepts the gift.
- *Semi-designated funds*, where the field of grant is limited to one or more functional areas and the responsibility is placed on JCF (through its Board of Trustees or the Charitable Distribution Committee) for designating the specific grant beneficiaries and scheduling such grants.
- *Funds functioning as endowment*, where the Board of Trustees and the Special Gifts Fund Committee have the responsibility for grant-making. The income and principal of these funds have been authorized by JCF to be available to meet the needs of the Jewish community, at home and abroad, at the recommendation of UJA and upon the approval of the Board of Trustees.
- *Reserve fund*, established by the Board of Trustees to underwrite the costs of future operations, as needed.

[11] Revenue recognition:

Contributions are reported as increases in net assets without donor restrictions. JCF retains the decision-making authority as to the use of these funds while considering the donor's recommendation. Contributions are recorded as revenue when received unconditionally, at their fair values.

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Income taxes:

JCF is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. JCF is subject to potential unrelated business income tax relating to certain of its investment activities; however, because JCF has always accrued a liability related to this tax and because of JCF's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on JCF's consolidated financial statements.

[13] Grants:

Grants made to others are recorded as an expense when they become unconditional promises to give by JCF, based on guidelines promulgated by the Board of Trustees. Generally, grants are paid within the year promised, and accordingly, there were no grants payable as of June 30, 2022 or 2021.

[14] Functional allocation of expenses:

The costs of providing JCF's various grant and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been allocated to the program and supporting services based on the nature of each expense. Indirect expenses have been allocated on the basis of utilization of resources by each JCF department and by employee time allocations.

In fiscal-years 2022 and 2021, management and general expenses in the accompanying consolidated statements of functional expenses included \$38,707 and \$46,180, respectively, related to JCF's philanthropic services for donors, which are expenses charged against the respective donor's fund upon utilizing these services.

[15] Subsequent events:

JCF evaluated subsequent events through November 3, 2022, the date on which the consolidated financial statements were available to be issued.

NOTE B - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

| | June 30, | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2022 | | 2021 | |
| | Fair Value | Cost | Fair Value | Cost |
| Money-market funds | \$ 23,757,659 | \$ 23,757,659 | \$ 28,605,682 | \$ 28,605,682 |
| Certificates of deposit | 6,105,967 | 6,120,918 | 10,701,836 | 10,700,000 |
| U.S. government and agency obligations | 849,031,160 | 851,754,450 | 576,639,018 | 576,537,714 |
| Mutual funds - equities | 549,190,477 | 497,113,683 | 688,042,266 | 481,552,749 |
| Asset-backed securities | 4,893,746 | 4,941,004 | 2,767,052 | 2,750,009 |
| Corporate bonds | 51,503,245 | 53,733,901 | 33,904,687 | 33,745,841 |
| Commercial mortgage-backed securities | 26,835,757 | 28,145,512 | 25,695,283 | 25,384,942 |
| Privately managed investments - equities | 114,361,887 | 94,608,159 | 135,437,282 | 82,848,053 |
| Mutual funds – bonds | 226,763,699 | 256,685,337 | 220,079,603 | 213,158,342 |
| Private equity limited partnerships | 146,161,607 | 99,482,897 | 173,379,017 | 134,002,214 |
| Funds of funds | 8,763,309 | 4,962,647 | 12,707,284 | 7,373,807 |
| Long/short equity hedge funds and LPs | 354,440,840 | 216,039,052 | 281,329,786 | 98,243,596 |
| Pooled investments | - | - | 8,283,554 | 7,364,463 |
| Non-readily-marketable securities | 107,112,278 | 161,780,909 | 148,090,651 | 214,539,514 |
| Foreign bonds | 13,235,000 | 13,235,000 | 11,366,000 | 11,366,000 |
| Total funds | <u>\$ 2,482,156,631</u> | <u>\$ 2,312,361,128</u> | <u>\$ 2,357,029,001</u> | <u>\$ 1,928,172,926</u> |

JCF has invested in fixed-income securities as part of its investments noted above, which consist of agency mortgage-backed securities (“AMBS”), commercial mortgage-backed securities (“CMBS”), asset-backed securities (“ABS”) and investment-grade corporate bonds. In addition, JCF may invest in U.S. Treasury and agency securities and may also purchase U.S. Treasury futures for the purposes of managing duration and yield-curve exposure. A maximum of 30% of the total fair value of the investments may be invested in ABS, CMBS and AMBS, and a maximum of 20% of the total fair value of the investments may be invested in corporate-backed debt. JCF must maintain an overall investment credit quality of AA or better. The average effective duration of the investments may not exceed three years, and leverage is not permitted.

During each fiscal-year, investment (losses) income consisted of the following:

| | Year Ended June 30, | |
|--|-------------------------|-----------------------|
| | 2022 | 2021 |
| Interest and dividends | \$ 25,070,050 | \$ 21,391,131 |
| Investment management fees (Note A[5]) | <u>(8,083,090)</u> | <u>(10,616,392)</u> |
| Interest and dividends, net | <u>16,986,960</u> | <u>10,774,739</u> |
| Net realized gains | 46,407,289 | 74,807,164 |
| Net unrealized (losses) gains | <u>(259,060,572)</u> | <u>313,382,003</u> |
| Total net realized and unrealized (losses) gains | <u>(212,653,283)</u> | <u>388,189,167</u> |
| Net investment (losses) income | <u>\$ (195,666,323)</u> | <u>\$ 398,963,906</u> |

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE B - INVESTMENTS (CONTINUED)

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy for fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for identical, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

Certain of JCF's investments are valued using NAV (or its equivalent unit) as a practical expedient of fair value. JCF uses NAV (or its equivalent unit) to measure the fair values of the private equity limited partnership, funds of funds, equity hedge funds, and pooled investments. The use of the practical expedient is applicable for investments which (i) do not have a readily determinable fair value; and (ii) the financial statements of which were prepared by the respective investment managers, consistent with the measurement principles of an investment company or that have the attributes of an investment company. Investments valued at NAV (or its equivalent unit) are not required to be categorized within the fair-value hierarchy and, accordingly, have been excluded from the fair-value hierarchy.

JCF's investments are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain of JCF's investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE B - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of JCF's assets at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

| June 30, 2022 | | | | | | |
|--|------------------------|-----------------------|-----------------------|-------------------------|------------------------------|-------------------------|
| | Level 1 | Level 2 | Level 3 | Total | Investments Valued at NAV | Total |
| Money-market funds | \$ 23,757,659 | \$ - | \$ - | \$ 23,757,659 | \$ - | \$ 23,757,659 |
| Certificates of deposit | - | 6,105,967 | - | 6,105,967 | - | 6,105,967 |
| U.S. government and agency obligations | 677,537,042 | 171,494,118 | - | 849,031,160 | - | 849,031,160 |
| Mutual funds – equities | 549,190,477 | - | - | 549,190,477 | - | 549,190,477 |
| Asset-backed securities | - | 4,893,746 | - | 4,893,746 | - | 4,893,746 |
| Corporate bonds | - | 51,503,245 | - | 51,503,245 | - | 51,503,245 |
| Commercial mortgage- backed securities | - | 26,835,757 | - | 26,835,757 | - | 26,835,757 |
| Privately managed investment – equities | 113,282,462 | 1,079,425 | - | 114,361,887 | - | 114,361,887 |
| Mutual funds – bonds | 226,763,699 | - | - | 226,763,699 | - | 226,763,699 |
| Private equity limited partnerships | - | - | 1,370,295 | 1,370,295 | 144,791,312 | 146,161,607 |
| Funds of funds | - | - | - | - | 8,763,309 | 8,763,309 |
| Long/short equity hedge funds and LPs | - | - | - | - | 354,440,840 | 354,440,840 |
| Non-readily-marketable securities | - | - | 107,112,278 | 107,112,278 | - | 107,112,278 |
| Foreign bonds | - | - | 13,235,000 | 13,235,000 | - | 13,235,000 |
| Total funds | <u>\$1,590,531,339</u> | <u>\$ 261,912,258</u> | <u>\$ 121,717,573</u> | <u>\$ 1,974,161,170</u> | <u>\$ 507,995,461</u> | <u>\$ 2,482,156,631</u> |

| June 30, 2021 | | | | | | |
|--|------------------------|-----------------------|-----------------------|-------------------------|------------------------------|-------------------------|
| | Level 1 | Level 2 | Level 3 | Total | Investments Valued at NAV | Total |
| Money-market funds | \$ 28,605,682 | \$ - | \$ - | \$ 28,605,682 | \$ - | \$ 28,605,682 |
| Certificates of deposit | - | 10,701,836 | - | 10,701,836 | - | 10,701,836 |
| U.S. government and agency obligations | 395,222,716 | 181,416,302 | - | 576,639,018 | - | 576,639,018 |
| Mutual funds – equities | 688,042,266 | - | - | 688,042,266 | - | 688,042,266 |
| Asset-backed securities | - | 2,767,052 | - | 2,767,052 | - | 2,767,052 |
| Corporate bonds | - | 33,904,687 | - | 33,904,687 | - | 33,904,687 |
| Commercial mortgage- backed securities | - | 25,695,283 | - | 25,695,283 | - | 25,695,283 |
| Privately managed investment – equities | 134,501,138 | 936,144 | - | 135,437,282 | - | 135,437,282 |
| Mutual funds – bonds | 220,079,603 | - | - | 220,079,603 | - | 220,079,603 |
| Private equity limited partnerships | - | - | 46,270,873 | 46,270,873 | 127,108,144 | 173,379,017 |
| Funds of funds | - | - | - | - | 12,707,284 | 12,707,284 |
| Long/short equity hedge funds and LPs | - | - | - | - | 281,329,786 | 281,329,786 |
| Pooled investments | - | - | - | - | 8,283,554 | 8,283,554 |
| Non-readily-marketable securities | - | - | 148,090,651 | 148,090,651 | - | 148,090,651 |
| Foreign bonds | - | - | 11,366,000 | 11,366,000 | - | 11,366,000 |
| Total funds | <u>\$1,466,451,405</u> | <u>\$ 255,421,304</u> | <u>\$ 205,727,524</u> | <u>\$ 1,927,600,233</u> | <u>\$ 429,428,768</u> | <u>\$ 2,357,029,001</u> |

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE B - INVESTMENTS (CONTINUED)

The following summarizes changes in fair values of JCF's Level 3 assets during each fiscal year:

| | Year Ended June 30, 2022 | | | |
|-------------------------|--|---------------------|--|------------------------|
| | Non-Readily- Marketable Securities | Foreign Bonds | Private Equity Limited Partnerships | Total |
| Purchases/contributions | \$ - | \$ 3,855,000 | \$ 203,795,801 | \$ 207,650,801 |
| Sales | (34,382,419) | (1,986,000) | (240,712,577) | (277,080,996) |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| | <u>\$ (34,382,419)</u> | <u>\$ 1,869,000</u> | <u>\$ (36,916,776)</u> | <u>\$ (69,430,195)</u> |

| | Year Ended June 30, 2021 | | | |
|-------------------------|--|---------------------|--|----------------------|
| | Non-Readily- Marketable Securities | Foreign Bonds | Private Equity Limited Partnerships | Total |
| Purchases/contributions | \$ 14,131,927 | \$ 9,380,000 | \$ 56,014,970 | \$ 79,526,897 |
| Sales | (12,945,698) | (9,627,000) | (8,265,099) | (30,837,797) |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| | <u>\$ 1,186,229</u> | <u>\$ (247,000)</u> | <u>\$ 47,749,871</u> | <u>\$ 48,689,100</u> |

The following provides information on the valuation techniques and nature of significant unobservable inputs used to determine the value of Level 3 assets:

| | Valuation Techniques | Fair Value at June 30, 2022 | Unobservable Inputs | Range of Inputs |
|-------------------------------------|----------------------|--------------------------------|-----------------------------------|--------------------|
| Non-readily-marketable securities | Market approach | \$ 106,119,472 | Recent sales/ financing rounds | \$14.35 - \$14.39 |
| Non-readily-marketable securities | Market approach | \$ 992,806 | Expected recovery | N/A |
| Foreign bonds | Income approach | \$ 13,235,000 | Expected recovery | 0.5% - 3.94% |
| Private equity limited partnerships | Market approach | \$ 1,370,295 | Recent sales | \$53.59 - \$66.14 |

The fair values of certain bonds and non-readily-marketable securities are based on expected recovery and maturity to yield, which are determined by JCF's assumptions about the estimated remaining lives, current market yields, and the interest-rate spreads of similar securities.

NOTE B - INVESTMENTS (CONTINUED)

The following table lists investments in other investment companies by major category:

| June 30, 2022 | | | | |
|--|-----------------------|----------------------|----------------------|--------------------------|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Private equity limited partnerships: | | | Closed-end fund; | |
| | \$ 49,788,139 | \$ 12,484,284 | 2 year lock-up | N/A |
| | 5,883,195 | - | Quarterly | 30-65 days |
| | 88,644,258 | 33,289,832 | Upon liquidation | N/A |
| | 475,720 | - | Annually | 65-95 days |
| Funds of funds: | 749,028 | - | Annually | 45 days |
| | 6,807,452 | - | Quarterly | 60 -90 days |
| | 1,206,829 | - | Semi-annually | 95 days |
| Long/short equity hedge funds and LPs: | 323,197,447 | - | Quarterly | 30-90 days |
| | 12,411,593 | - | Monthly | 6-60 days |
| | 13,830,191 | - | Semi-annually | 60 days |
| | 5,001,609 | - | Quarterly; | |
| | | | 2 year lock-up | 45 days |
| | <u>\$ 507,995,461</u> | <u>\$ 45,774,116</u> | | |

NOTE C - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

| June 30, | | |
|---|------------------|-------------------|
| | 2022 | 2021 |
| Furniture and equipment | \$ 220,699 | \$ 220,699 |
| Computer hardware | 20,511 | 20,511 |
| Leasehold improvements | <u>115,909</u> | <u>115,909</u> |
| | 357,119 | 357,119 |
| Less: accumulated depreciation and amortization | <u>(299,190)</u> | <u>(227,766)</u> |
| | <u>\$ 57,929</u> | <u>\$ 129,353</u> |

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE D - MANAGEMENT FEE ALLOCATION

To pay its operating expenses, JCF charges an administrative fee to all donor-advised funds as described below, with amounts exceeding \$5,000,000 being eligible for a reduced, sliding-scale fee structure. Fees were calculated on average daily balances as follows:

| Account Balance | Administrative Fee (Per Annum) |
|---|---|
| Assets up to \$5,000,000 | 75 basis points or \$150, whichever is greater |
| Additional assets between \$5,000,000 and \$20,000,000 | 50 basis points |
| Additional assets between \$20,000,000 and \$40,000,000 | 10 basis points |
| Additional assets exceeding \$40,000,000 | 5 basis points |

The administrative fee is applied monthly, and it reduces the value of the donor-advised funds and increases the value of JCF's operating fund. Administrative fees and interest income, in excess of operating expenses up to an amount of \$2,000,000, are granted out to UJA. Administrative fees and interest income in excess of operating expenses greater than \$2,000,000 may be divided among grants to UJA, increases to JCF's Special Gifts Fund, and a reserve for capital projects. The total administrative fees were \$11,405,926 and \$9,959,770 for fiscal-years 2022 and 2021, respectively.

NOTE E - EMPLOYEE-BENEFIT PLANS

[1] Defined-contribution plan:

UJA, the sole member of JCF, sponsors a defined-contribution Section 403(b) plan, in which JCF employees may participate, in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA"). Plan participants are required to make contributions to their plan accounts in the form of payroll deductions, up to the maximum allowed by federal law. JCF does not contribute to the plan.

[2] Defined-benefit plan:

JCF employees may participate in the Retirement Plan for Employees of the United Jewish Appeal - Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions, a defined-benefit pension plan sponsored by UJA and subject to the provisions of ERISA. The plan is filed under the Employer Identification Number 51-0172429 and Pension Plan Number 333. Eligible employees of JCF participate automatically in this plan on a noncontributory basis and are fully vested after five years of service. Required annual zone certification and financial improvement or rehabilitation plan disclosures are not applicable to the plan. The plan is at least 80%-funded using the most recent financial information as of October 1, 2021, the beginning of the plan year. Total expenses for fiscal-years 2022 and 2021 for this plan were \$179,422 and \$176,505, respectively.

[3] Deferred-compensation plan:

JCF contributes to a deferred-compensation plan for two of its key employees. Annual contributions to the plan are subject to Internal Revenue Code limitations. For fiscal-years 2022 and 2021, contributions to the plan were \$39,000 in both years. Assets related to this plan are grouped within the investments on the consolidated statements of financial position and the offsetting liability is grouped within accounts payable and accrued operating expenses in the consolidated statements of financial position. The Plan's investments are mutual funds of approximately \$406,000 and \$413,000, respectively, at June 30, 2022 and 2021. These assets are categorized within mutual fund - bonds in Note B and accordingly are within Level 1 of the fair value hierarchy.

NOTE F - RELATED-PARTY TRANSACTIONS**[1] UJA and JCF:**

UJA, the sole member of JCF, provides JCF with pension-participation, and various management services, such as payroll and related processing, and insurance coverage, for which JCF reimburses UJA. For fiscal-years 2022 and 2021, JCF reimbursed UJA for these costs in the amounts of \$3,941,832 and \$3,446,989, respectively. During fiscal-year 2022, JCF awarded grants to UJA totaling \$36,217,201, of which (a) \$2,000,000 represented grants from JCF's operating fund, (b) \$1,386,928 represented grants from the Special Gifts Fund, and (c) \$32,830,273 represented grants from donor-advised funds. During fiscal-year 2021, JCF awarded grants to UJA totaling \$25,536,210, of which (a) \$2,000,000 represented grants from JCF's operating fund, (b) \$914,215 represented grants from the Special Gifts Fund, and (c) \$22,621,995 represented grants from donor-advised funds. The expenses related to these transactions appear in the accompanying consolidated statements of activities and the consolidated statements of functional expenses.

[2] Grants Awarded:

In addition to the grants awarded to UJA described above, JCF made grants from donor-advised funds in the amounts of \$6,228,464 and \$4,842,900 for fiscal-years 2022 and 2021, respectively, to organizations that have trustees, family members, and/or key employees in common with JCF's Board of Trustees.

[3] Investment Fund:

JCF owned 0.71% of UJA's pooled investment fund as of June 30, 2021, the investments of which were valued at \$8,283,554. During fiscal-year 2022, JCF redeemed its investment in the fund.

NOTE G - LEASE AGREEMENT, OTHER CONTRACTS AND OTHER UNCERTAINTY**[1] Lease agreement:**

JCF is obligated under a non-cancellable operating lease that expires in March 2028.

Information relating to the "lease costs," which includes all costs during the period associated with an operating lease as well as the costs related to variable lease components:

| | Year Ended June 30, | |
|-----------------------|------------------------|-------------------|
| | 2022 | 2021 |
| Operating lease costs | \$ 566,097 | \$ 566,097 |
| Variable lease costs | <u>47,834</u> | <u>18,638</u> |
| Total lease cost | <u>\$ 613,931</u> | <u>\$ 584,735</u> |

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE G - LEASE AGREEMENT, OTHER CONTRACTS AND OTHER UNCERTAINTY (CONTINUED)

[1] Lease agreement: (continued)

The present value of these lease obligations was \$2,749,841 and \$3,139,322 at June 30, 2022 and 2021, respectively.

The table below summarizes JCF's future minimum lease payments under an operating lease, including a reconciliation to the discounted amount recorded on the consolidated statements of financial position as follows:

| <u>Year Ending June 30,</u> | |
|---|---------------------|
| 2023 | \$ 560,000 |
| 2024 | 560,000 |
| 2025 | 565,250 |
| 2026 | 581,000 |
| 2027 | 581,000 |
| Thereafter | <u>435,750</u> |
| Total minimum lease payments | 3,283,000 |
| Less: amount representing interest | <u>(533,159)</u> |
| Amount reported on consolidated statements of financial position | <u>\$ 2,749,841</u> |

The table below presents additional information related to JCF's lease for each fiscal year:

| | <u>Year Ended June 30,</u> | |
|---|----------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Weighted average remaining lease term: | | |
| Operating lease | 7 years | 8 years |
| Weighted average discount rate: | | |
| Operating lease | 5.43% | 5.43% |

[2] Other contracts:

In the normal course of operations and activities, JCF enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[3] Other uncertainty:

The extent of the impact of coronavirus ("COVID-19") and other worldwide events and conflicts on the financial performance of JCF's investment portfolio will depend on future developments, including the duration and spread of the outbreak and the impact on the financial markets and overall economy due to the events and conflicts, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, JCF's investment portfolio results may be materially adversely affected.

NOTE H - BOARD-DESIGNATED ENDOWMENT**[1] The endowment:**

As discussed in Note A[10], JCF has an endowment fund without donor restrictions (Special Gifts Fund), from which grants are approved by the Board of Trustees.

Changes in endowment net assets during each fiscal year were as follows:

| | Year Ended June 30, | |
|--|-----------------------------|-----------------------------|
| | 2022 | 2021 |
| Endowment net assets, beginning of year | \$ 24,112,683 | \$ 17,132,799 |
| Net investment (losses) income | (3,293,551) | 5,778,256 |
| Contributions | - | 2,115,843 |
| Appropriation of endowment assets for grant expenditures | (1,386,928) | (914,215) |
| Endowment net assets, end of year | <u>\$ 19,432,204</u> | <u>\$ 24,112,683</u> |

[2] Return objectives and risk parameters:

JCF's Board of Trustees has adopted investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs that meet the needs of the Jewish community, at home and abroad, while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk.

[3] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Board relies on a total-return strategy in which investment returns are achieved through capital appreciation (both realized and unrealized) and current yield (interest and dividends). The Board targets a diversified asset allocation within prudent risk constraints.

[4] Spending policy and related objectives:

JCF's Board of Trustees has a policy of appropriating, for distribution each year, a percentage of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end that precedes the fiscal year in which the distribution is planned. The appropriation spending rate was 5% for both fiscal-years 2022 and 2021, respectively. In establishing this policy, the Board considered the long-term expected return on its endowment. Accordingly, over the long-term, the Board expects the current spending policy to allow its endowment to maintain the purchasing power of the endowment's net assets, as well as to provide additional real growth through investment returns. In addition to the 5% spend rate of rolling 12 quarters, in fiscal-year 2022, the Board also voted to do a special appropriation from the endowment in the amount of \$500,000 in response to Ukrainian relief.

Notes to Consolidated Financial Statements

[June 30, 2022 and 2021]

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

JCF's financial assets available within one year of the consolidated statements of financial position date for general expenditure (including operating expenses, scheduled grant payments, and capital calls on investments) are as follows:

| | Year Ended June 30, | |
|--|-------------------------|-------------------------|
| | 2022 | 2021 |
| Cash and cash equivalents | \$ 67,740,126 | \$ 54,543,196 |
| Investments (excluding private investments with liquidity restrictions) | 2,338,317,050 | 2,236,136,524 |
| Amounts due from investment managers | 10,991,677 | 13,427,150 |
| Accrued income | 376,024 | 574,380 |
| Total financial assets available within one year | <u>2,417,424,877</u> | <u>2,304,681,250</u> |
| Less: | | |
| Amounts unavailable for expenditure without the Board's approval: | | |
| Designated and semi-designated funds | (16,084,206) | (18,800,635) |
| Fund functioning as endowment | (19,432,204) | (24,112,683) |
| Reserve fund | <u>(2,628,527)</u> | <u>(1,141,162)</u> |
| | <u>(38,144,937)</u> | <u>(44,054,480)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,379,279,940</u> | <u>\$ 2,260,626,770</u> |

Liquidity policy:

JCF maintains a sufficient level of operating cash and investments, (excluding certain private equity limited partnerships, fund of funds and long/short equity hedge funds and limited partnerships, and mutual fund for deferred compensation due to various restrictions on liquidity) to be available as its grants, general expenditures, liabilities, and other obligations come due, as part of JCF's liquidity management. Additionally, JCF has designated and semi-designated funds, a board-designated fund functioning as an endowment, and a reserve fund, whereby amounts could be made available for current operations, if necessary; however, JCF does not intend to spend these funds for purposes other than those approved by the Board of Trustees.

NOTE J - CREDIT RISK

Financial instruments that potentially subject JCF to concentrations of credit risk consist principally of cash and cash-equivalent accounts that are deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, management believes that JCF does not face a significant risk of loss on these accounts as the result of failures of these financial institutions.

NOTE K - CONCENTRATION OF REVENUE

During fiscal-years 2022 and 2021, JCF received contributions of \$253,268,383 and \$60,000,000, respectively, from two donors in 2022, and one donor in 2021, representing 29% and 10% of total contributions received during the same time period.

Independent Auditors' Report of Supplementary Information


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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Jewish Communal Fund

We have audited the financial statements of Jewish Communal Fund (an entity of a sole member) ("JCF"), as of June 30, 2022 and 2021 and for each of the years then ended, and have issued our report thereon dated November 3, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Grants Made to Various Philanthropic Institutions and Related Expenses for the year ended June 30, 2022 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EISNERAMPER LLP
New York, New York
November 3, 2022



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Schedule of Grants Made to Various Philanthropic Institutions and Related Expenses

[June 30, 2022 and 2021]

| | | |
|--|-----------------------|---------------|
| Community Organizations | \$ 73,286,189 | 12.4% |
| Cultural – General | 22,775,689 | 3.8% |
| Cultural – Jewish | 12,282,599 | 2.1% |
| Educational – General | 123,086,610 | 20.8% |
| Educational – Jewish | 51,036,399 | 8.6% |
| Environment | 12,352,913 | 2.0% |
| Health | 37,218,646 | 6.3% |
| Human Services | 33,001,391 | 5.6% |
| International | 102,588,906 | 17.3% |
| Religious | 89,202,906 | 15.0% |
| United Jewish Appeal – Federation of Jewish Philanthropies of New York, Inc. (a) | <u>36,217,201</u> | <u>6.1%</u> |
| Total grants (b) | 593,049,449 | <u>100.0%</u> |
| Related expenses | <u>1,541,888</u> | |
| Total | <u>\$ 594,591,337</u> | |

(a) Of this balance, (i) \$2,000,000 represents grants made from the JCF's operating fund; (ii) \$1,386,928 represents grants made from the Special Gifts Fund; and (iii) \$32,830,273 represents grants made from donor-advised funds.

(b) All grantee organizations are organized and operated exclusively for education, charitable, scientific, literary or religious purposes, as defined in Section 170(c)(2)(B) of the Internal Revenue Code. No grant was made to any private nonoperating foundation, as defined in Section 509(a) of the Code.

See independent auditors' report on supplementary information.

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Massachusetts: The Attorney General Office's Public Charities Annual Filing website, <http://www.charities.ago.state.ma.us/charities/>, allows you to search for and access the annual reports of public charities filed with the AGO. Questions regarding the availability of a report or the status of a public charity should be directed to the AGO Non-Profit Organizations/Public Charities Division via email at charities@state.ma.us, or by phone (617) 727-2200, ext. 2101. The registration of a public charity or their fundraisers with the AGO does not constitute an endorsement by the Commonwealth of Massachusetts or the AGO. Moreover, the inclusion of a public charity in the Annual Filing Document Search website does not indicate in any manner that the Attorney General supports, sanctions, or verifies the information of such charitable organization.

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New York: A copy of the most recent annual report is available from the Office of the Attorney General, Department of Law, Charities Bureau, 120 Broadway, New York, NY 10271. For inquiries regarding the registration status of a charitable organization, call 212-416-8402.

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