

**JEWISH FEDERATION OF THE
SACRAMENTO REGION**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT**

**YEARS ENDED
DECEMBER 31, 2020 (AUDITED)
AND 2019 (REVIEWED)**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Jewish Federation of the Sacramento Region
Sacramento, California**

We have audited the accompanying financial statements of Jewish Federation of the Sacramento Region (Federation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of the Sacramento Region as of December 31, 2020, 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.

Report on 2019 Financial Statements

The December 31, 2019 financial statements were reviewed by us and in our conclusion dated August 5, 2020, stated that based on our review, we were not aware of any material modification that should be made to the 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

August 9, 2021

JEWISH FEDERATION OF THE SACRAMENTO REGION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 678,726	\$ 264,744
Pledges receivable - net	84,022	105,106
Grants receivable	41,303	1,050
Prepaid expenses and deposits	36,118	49,776
Total current assets	<u>840,169</u>	<u>420,676</u>
INVESTMENTS	535,657	484,969
PROPERTY AND EQUIPMENT- Net	<u>1,019,565</u>	<u>1,020,063</u>
TOTAL ASSETS	<u>\$ 2,395,391</u>	<u>\$ 1,925,708</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 16,505	\$ 20,607
Accrued expenses	9,435	7,925
Contributions payable - JFNA	5,576	11,580
Deferred revenue	17,192	
Total current liabilities	<u>48,708</u>	<u>40,112</u>
SECURITY DEPOSIT	<u>5,400</u>	<u>5,400</u>
TOTAL LIABILITIES	54,108	45,512
NET ASSETS:		
Without donor restrictions	2,265,541	1,863,059
With donor restrictions	<u>75,742</u>	<u>17,137</u>
TOTAL NET ASSETS	<u>2,341,283</u>	<u>1,880,196</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,395,391</u>	<u>\$ 1,925,708</u>

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

JEWISH FEDERATION OF THE SACRAMENTO REGION

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Contributions	\$ 896,283	\$ 690,594
Trust income	215,700	200,000
Rental income	75,066	73,411
Events and activities	1,080	2,615
Interest and investment income	47,678	69,469
Net assets released from restrictions	<u>21,000</u>	<u>320,979</u>
Total revenues	<u>1,256,807</u>	<u>1,357,068</u>
EXPENSES:		
Program services	637,746	1,046,978
General and administrative	119,892	72,637
Fundraising	<u>96,687</u>	<u>79,503</u>
Total expenses	<u>854,325</u>	<u>1,199,118</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	402,482	157,950
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	79,605	88,360
Net assets released from restrictions	<u>(21,000)</u>	<u>(320,979)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>58,605</u>	<u>(232,619)</u>
INCREASE (DECREASE) IN NET ASSETS	461,087	(74,669)
NET ASSETS, Beginning of Year	<u>1,880,196</u>	<u>1,954,865</u>
NET ASSETS, End of Year	<u>\$ 2,341,283</u>	<u>\$ 1,880,196</u>

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

JEWISH FEDERATION OF THE SACRAMENTO REGION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020 (AUDITED)

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 242,819	\$ 45,157	\$ 39,132	\$ 327,108
Program and event expenses	161,611		34,613	196,224
Contributions	89,398			89,398
Professional services	3,805	40,446		44,251
Depreciation	29,291	5,434	4,720	39,445
Bad debt	43,467	4,921	4,275	52,663
Occupancy	25,057	4,648	4,038	33,743
Insurance	9,033	1,676	1,456	12,165
Investment/bank fees		11,438		11,438
Telecommunications	8,380	1,555	1,350	11,285
Travel	8,292	1,538	1,336	11,166
Equipment rental and maintenance	7,917	1,469	1,276	10,662
Office supplies	4,345	806	700	5,851
Advertising			3,093	3,093
Postage	2,233	414	360	3,007
Miscellaneous	<u>2,098</u>	<u>390</u>	<u>338</u>	<u>2,826</u>
Total	<u>\$ 637,746</u>	<u>\$ 119,892</u>	<u>\$ 96,687</u>	<u>\$ 854,325</u>

JEWISH FEDERATION OF THE SACRAMENTO REGION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2019 (REVIEWED)

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 253,042	\$ 21,087	\$ 27,112	\$ 301,241
Program and event expenses	183,084		34,900	217,984
Contributions	476,258			476,258
Professional services	4,102	34,286	378	38,766
Depreciation	32,746	2,729	3,508	38,983
Bad debt	19,758	1,647	2,117	23,522
Occupancy	30,872	2,573	3,308	36,753
Insurance	8,020	668	859	9,547
Investment/bank fees		6,388		6,388
Telecommunications	7,623	635	817	9,075
Travel	12,772	1,064	1,368	15,204
Equipment rental and maintenance	8,755	730	938	10,423
Office supplies	5,912	493	633	7,038
Advertising			3,133	3,133
Postage	1,787	149	191	2,127
Miscellaneous	<u>2,247</u>	<u>188</u>	<u>241</u>	<u>2,676</u>
Total	<u>\$ 1,046,978</u>	<u>\$ 72,637</u>	<u>\$ 79,503</u>	<u>\$ 1,199,118</u>

JEWISH FEDERATION OF THE SACRAMENTO REGION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 461,087	\$ (74,669)
Reconciliation to net cash provided (used) by operating activities:		
Receipt of donated investments	(12,529)	(12,068)
Net realized and unrealized gain on investments	(43,923)	(62,795)
Depreciation	39,446	38,983
Changes in:		
Pledges receivable - net	21,084	1,481
Grants receivable	(40,253)	(525)
Prepaid expenses and deposits	13,658	(18,724)
Accounts payable	(4,102)	3,035
Accrued expenses	1,510	812
Contributions payable - JFNA	(6,004)	(2,990)
Deferred revenue	17,192	
Net cash provided (used) by operating activities	<u>447,166</u>	<u>(127,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(14,803)	(105,862)
Proceeds from sale of investments	20,567	14,371
Purchases of property and equipment	<u>(38,948)</u>	
Net cash used by investing activities	<u>(33,184)</u>	<u>(91,491)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	413,982	(218,951)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>264,744</u>	<u>483,695</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 678,726</u>	<u>\$ 264,744</u>

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

JEWISH FEDERATION OF THE SACRAMENTO REGION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Jewish Federation of the Sacramento Region (Federation) is a nonprofit public benefit corporation organized to raise funds for Jewish charitable, religious, and educational purposes.

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Federation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Revenue recognition – Contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose.

Revenues from governmental grants that are initially classified as conditional due to a qualifying expense barrier are recognized as net assets without donor restrictions since the restriction is met simultaneously when the condition is released and the revenue is recognized. The Federation recognized grant revenue of \$45,253 during 2020, which is included in contributions. The Federation has outstanding conditional promises to give subject to qualifying expenditures in the amount of \$30,047 as of December 31, 2020.

Rental income is recognized over the lease terms. Monthly rental payments received in advance are recorded as deferred revenue until earned in the applicable rental period.

Cash and cash equivalents – For financial statement purposes, the Federation considers all investments with an initial maturity of three months or less to be cash equivalents.

The Federation minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Federation's deposits held with financial institutions in excess of federal depository insurance limits were \$131,817 and \$288,763 as of December 31, 2020 and 2019, respectively.

Investments are stated at fair value.

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. The Federation capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 30 years.

JEWISH FEDERATION OF THE SACRAMENTO REGION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

Income taxes – The Federation is publicly supported and exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, the financial statements do not reflect any provision for income taxes. The Federation has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Federation is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2012.

Contributed services – The Federation receives a significant amount of contributed services from volunteers who assist in fundraising and in administering programs. Contributed services that do not meet the criteria for recognition as revenue are not reflected in the financial statements.

Functional allocation of expenses – The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated based on employees' time incurred and management's estimate of the usage of resources. The expenses that are allocated include salaries and wages and professional services, which are allocated based on time and effort; payroll taxes and employee benefits, which are allocated based on salaries and wages; and program and event expenses, depreciation, occupancy, travel, equipment rental and maintenance, bad debt expense, investments/bank fees and interest, advertising, postage, insurance, telecommunications, office supplies, and miscellaneous expenses, which are allocated based on estimated usage.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same - to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the assets or liabilities.

Subsequent events have been evaluated through August 9, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that requires recognition or disclosure in such financial statements.

JEWISH FEDERATION OF THE SACRAMENTO REGION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Federation's financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 678,726	\$ 264,744
Pledge receivables	84,022	105,106
Grants receivable	41,303	1,050
Investments	<u>535,657</u>	<u>484,969</u>
Total financial assets available within one year	1,339,708	855,869
Less amounts unavailable for general expenditures within one year, due to:		
Purpose restrictions by donors	<u>(75,742)</u>	<u>(17,137)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,263,966</u>	<u>\$ 838,732</u>

The Federation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Gross pledges receivable	\$ 98,302	\$ 116,784
Less allowance for uncollectable pledges	<u>(14,280)</u>	<u>(11,678)</u>
Pledges receivable – net	<u>\$ 84,022</u>	<u>\$ 105,106</u>

Collection of amounts due from pledges is not assured, and management has estimated the allowance for doubtful accounts for December 31, 2020 and 2019. A reasonable possibility exists that amounts ultimately uncollectable may differ materially from the amounts estimated above. However, the amount of the difference cannot be determined.

JEWISH FEDERATION OF THE SACRAMENTO REGION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

4. INVESTMENTS

Investments and the related inputs for measuring fair value consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Growth	\$ 494,402	\$ 450,645
Balanced	2,836	4,602
Preservation	13,688	13,322
Cash surrender value of life insurance policy	19,731	16,400
Israel bond	<u>5,000</u>	<u></u>
Total	<u>\$ 535,657</u>	<u>\$ 484,969</u>

Mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The Federation's cash surrender value of life insurance policy is within Level 2 of the fair value hierarchy because it is valued using alternative pricing methods using observable information inputs, such as current interest rates. The Israel bond is classified within Level 2 of the fair value hierarchy, as the inputs used to price non-U.S. government and supranational bonds are observable market inputs.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 219,435	\$ 219,435
Building and improvements	1,010,480	997,482
Furniture and equipment	<u>71,444</u>	<u>45,494</u>
Total	1,301,359	1,262,411
Less accumulated depreciation	<u>(281,794)</u>	<u>(242,348)</u>
Property and equipment – net	<u>\$ 1,019,565</u>	<u>\$ 1,020,063</u>

6. NET ASSETS

Net assets are restricted by donors for the following purposes:

	<u>2020</u>	<u>2019</u>
Norcal Fires	\$ 11,655	
Mayor's Mission	11,000	\$ 11,000
Butte County fire victims	5,137	5,137
2020 Jewish Film Festival		1,000
Time restricted contributions	<u>47,950</u>	<u></u>
Total	<u>\$ 75,742</u>	<u>\$ 17,137</u>

JEWISH FEDERATION OF THE SACRAMENTO REGION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (AUDITED) AND 2019 (REVIEWED)

7. PAYCHECK PROTECTION PROGRAM LOAN

On May 3, 2020, the Federation received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$58,200. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPFPA) signed into law in June 2020. Under the CARES Act, as modified by PPFPA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained.

The Federation has accounted for the loan as a conditional contribution in accordance with professional standards for revenue recognition for not-for profit entities. The Federation recognized \$58,200 in 2020 as contribution revenue since it met the criteria for forgiveness by incurring qualifying expenses. On December 23, 2020, the Federation received notification that they had been granted full forgiveness of the loan by the Small Business Administration.

8. PROPERTY LEASED TO TENANTS

The Federation leases office space to two tenants under multiple-year lease agreements. Minimum future rental payments to be received under the non-cancelable leases through 2025 are as follows:

2021	\$	75,110
2022		71,183
2023		73,319
2024		75,518
2025		<u>64,498</u>
Total	\$	<u>359,628</u>

9. CONTRIBUTIONS PAYABLE – JFNA

The Federation has an agreement to contribute a percentage of past years' campaign pledges to the Jewish Federations of North America (JFNA). The contribution is payable in monthly installments based on an annual allocation commitment from the Board of Directors of the Federation. As of December 31, 2020 and 2019, a total of \$5,576 and \$11,580 was due to the JFNA from prior campaigns, respectively.

10. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which could have a negative impact on the Federation through business disruption or decreases in funding. While the impact is expected to be temporary, there is considerable uncertainty around the duration of the impact. Therefore, the potential financial impact and duration cannot be reasonably estimated at this time.