

JEWISHcolorado

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

JEWISHcolorado
June 30, 2022 and 2021

Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Financial Position 3
Statement of Activities – 2022 4
Statement of Activities – 2021 5
Statement of Functional Expenses – 2022..... 6
Statement of Functional Expenses – 2021 7
Statements of Cash Flows 8
Notes to Financial Statements 10

Independent Auditor's Report

Board of Directors
JEWISHcolorado
Denver, Colorado

Opinion

We have audited the financial statements of JEWISHcolorado (Jco), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jco 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

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 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 Jco's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's 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 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. 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 Jco'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 Jco'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.

FORVIS,LLP

Denver, Colorado
November 16, 2022

JEWISHcolorado
Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 597,497	\$ 687,157
Certificates of deposit	8,497,958	8,477,893
Restricted cash	-	166,710
Accounts receivable	2,447	28,098
Annual pledges receivable, net	1,618,222	3,251,690
Capital campaign pledges receivable, net	643,960	1,270,409
Investments	56,071,300	67,187,831
Assets held under split-interest agreements	1,447,905	1,644,855
Loans and notes receivable, net of allowance; 2022 - \$305,413 and 2021 - \$184,769	1,127,374	1,429,596
Property and equipment, net of accumulated depreciation	8,069,465	8,320,666
Other assets	63,620	209,975
Total assets	\$ 78,139,748	\$ 92,674,880

Liabilities and Net Assets

Liabilities

Line-of-credit (revolving) agreement	\$ -	\$ 624,000
Accounts payable, accrued liabilities and deferred revenue	315,440	1,048,362
Funds held on behalf of others	16,540,186	20,525,745
Obligations on split-interest agreements	1,159,624	1,370,936
Long-term debt, net	1,292,986	1,725,207
Due to other agencies	1,607,606	2,545,824
Total liabilities	20,915,842	27,840,074

Net Assets

Without donor restrictions	42,381,597	48,226,253
With donor restrictions	14,842,309	16,608,553
Total net assets	57,223,906	64,834,806
Total liabilities and net assets	\$ 78,139,748	\$ 92,674,880

JEWISHcolorado
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Annual contributions (Flagship)	\$ 4,196,981	\$ -	\$ 4,196,981
Program contributions	2,005,371	-	2,005,371
Donor-advised fund contributions, including donor pass-through contributions	8,497,166	-	8,497,166
Contributions of nonfinancial assets	4,500	-	4,500
Restricted contributions	-	1,384,082	1,384,082
Grants and sponsorships	889,654	-	889,654
Less donor pass-through contributions	<u>(1,369,203)</u>	<u>-</u>	<u>(1,369,203)</u>
Contributions, net	14,224,469	1,384,082	15,608,551
Event and program income, net	530,088	-	530,088
Investment return, net	(5,022,580)	(2,193,650)	(7,216,230)
Investment and campaign management fees	373,364	-	373,364
Other income	58,699	-	58,699
Change in value of split-interest gift	-	14,362	14,362
Net assets released from restrictions	<u>971,038</u>	<u>(971,038)</u>	<u>-</u>
Total revenues, gains and other support	<u>11,135,078</u>	<u>(1,766,244)</u>	<u>9,368,834</u>
Expenses			
Distributions, from donor-advised funds including pass-through distributions	11,737,178	-	11,737,178
Israel programs	2,182,950	-	2,182,950
Local programs	2,579,558	-	2,579,558
Less donor pass-through distributions	<u>(1,369,203)</u>	<u>-</u>	<u>(1,369,203)</u>
Total program services	<u>15,130,483</u>	<u>-</u>	<u>15,130,483</u>
Management and general	819,583	-	819,583
Fundraising	<u>1,029,668</u>	<u>-</u>	<u>1,029,668</u>
Total support services	<u>1,849,251</u>	<u>-</u>	<u>1,849,251</u>
Total expenses	<u>16,979,734</u>	<u>-</u>	<u>16,979,734</u>
Change in Net Assets	(5,844,656)	(1,766,244)	(7,610,900)
Net Assets, Beginning of Year	<u>48,226,253</u>	<u>16,608,553</u>	<u>64,834,806</u>
Net Assets, End of Year	<u>\$ 42,381,597</u>	<u>\$ 14,842,309</u>	<u>\$ 57,223,906</u>

JEWISHcolorado
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Annual contributions (Flagship)	\$ 4,630,673	\$ -	\$ 4,630,673
Program contributions	57,866	-	57,866
Donor-advised fund contributions, including donor pass-through contributions	6,674,727	-	6,674,727
Restricted contributions	-	852,977	852,977
Grants and sponsorships	576,860	-	576,860
Forgiveness of Paycheck Protection Program (PPP) loan	551,052	-	551,052
Less donor pass-through contributions	<u>(1,301,665)</u>	<u>-</u>	<u>(1,301,665)</u>
Contributions, net	11,189,513	852,977	12,042,490
Event and program income, net	694,751	-	694,751
Investment return, net	5,962,857	3,007,661	8,970,518
Investment and campaign management fees	313,414	-	313,414
Other income	1,497	-	1,497
Change in value of split-interest gift	-	30,364	30,364
Net assets released from restrictions	<u>656,018</u>	<u>(656,018)</u>	<u>-</u>
Total revenues, gains and other support	<u>18,818,050</u>	<u>3,234,984</u>	<u>22,053,034</u>
Expenses			
Distributions, from donor-advised funds including pass-through distributions	9,067,038	-	9,067,038
Israel programs	1,024,496	-	1,024,496
Local programs	3,141,303	-	3,141,303
Less donor pass-through distributions	<u>(1,301,665)</u>	<u>-</u>	<u>(1,301,665)</u>
Total program services	<u>11,931,172</u>	<u>-</u>	<u>11,931,172</u>
Management and general	808,630	-	808,630
Fundraising	<u>1,162,197</u>	<u>-</u>	<u>1,162,197</u>
Total support services	<u>1,970,827</u>	<u>-</u>	<u>1,970,827</u>
Total expenses	<u>13,901,999</u>	<u>-</u>	<u>13,901,999</u>
Change in Net Assets	4,916,051	3,234,984	8,151,035
Net Assets, Beginning of Year	<u>43,310,202</u>	<u>13,373,569</u>	<u>56,683,771</u>
Net Assets, End of Year	<u>\$ 48,226,253</u>	<u>\$ 16,608,553</u>	<u>\$ 64,834,806</u>

JEWISHcolorado
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Support Services			Total
	Donor-advised Distributions	Israel Programs	Local Programs	Total Program Services	Management and General	Fundraising	Total Support Services	
Grants and distributions	\$ 8,948,829	\$ 1,202,500	\$ 1,140,659	\$ 11,291,988	\$ -	\$ -	\$ -	\$ 11,291,988
Personnel	1,553,670	262,308	201,775	2,017,753	439,957	752,748	1,192,705	3,210,458
Independent contractors	455,027	76,823	59,094	590,944	91,706	-	91,706	682,650
Office expenses	-	5,047	88,522	93,569	20,402	34,907	55,309	148,878
Facilities expenses	84,327	14,237	10,952	109,516	23,879	40,856	64,735	174,251
Bad debt expense and adjustment to fair value of long-term pledges	2,049	346	266	2,661	580	993	1,573	4,234
Travel and meetings	-	15,210	27,389	42,599	24,039	3,601	27,640	70,239
Insurance expense	-	19,283	20,531	39,814	56,769	-	56,769	96,583
Dues and subscriptions	-	1,517	7,621	9,138	11,200	2,402	13,602	22,740
Other expense	693,276	539,864	766,651	1,999,791	43,720	50,802	94,522	2,094,313
Equipment expense	-	22,869	18,410	41,279	9,001	15,400	24,401	65,680
Advertising and promotion	-	1,905	-	1,905	-	31,437	31,437	33,342
Financial expenses	-	-	56,284	56,284	54,188	20,997	75,185	131,469
Depreciation	-	21,041	181,404	202,445	44,142	75,525	119,667	322,112
Expenses included in the statement of activities	<u>\$ 11,737,178</u>	<u>\$ 2,182,950</u>	<u>\$ 2,579,558</u>	<u>\$ 16,499,686</u>	<u>\$ 819,583</u>	<u>\$ 1,029,668</u>	<u>\$ 1,849,251</u>	18,348,937
Less: donor pass through distributions								<u>(1,369,203)</u>
								<u>\$ 16,979,734</u>

JEWISHcolorado
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Support Services			Total	
	Donor-advised Distributions	Israel Programs	Local Programs	Total Program Services	Management and General	Fundraising		Total Support Services
Grants and distributions	\$ 8,831,496	\$ -	\$ 186,150	\$ 9,017,646	\$ -	\$ -	\$ -	\$ 9,017,646
Personnel	87,038	112,277	1,804,384	2,003,699	237,800	772,125	1,009,925	3,013,624
Program travel expenses	-	610,232	-	610,232	-	-	-	610,232
Independent contractors	33,641	167,023	138,073	338,737	181,087	67,290	248,377	587,114
Outside services	-	25,242	67,127	92,369	145,498	31,626	177,124	269,493
Office expenses	657	-	55,857	56,514	-	-	-	56,514
Facilities expenses	92,355	48,099	126,743	267,197	-	-	-	267,197
Bad debt expense and adjustment to fair value of long-term pledges	12,723	16,412	263,759	292,894	34,760	112,867	147,627	440,521
Travel and meetings	41	3,822	1,243	5,106	7,458	1,079	8,537	13,643
Insurance expense	-	17,652	-	17,652	28,619	19,846	48,465	66,117
Dues and subscriptions	-	1,105	211,483	212,588	52,797	56,376	109,173	321,761
Other expense	-	-	14,959	14,959	-	-	-	14,959
Equipment expense	-	7,450	14,722	22,172	11,790	2,000	13,790	35,962
Advertising and promotion	-	3,544	25,429	28,973	9,307	1,344	10,651	39,624
Financial expenses	65	-	44,342	44,407	74,865	17,610	92,475	136,882
Depreciation	9,022	11,638	187,032	207,692	24,649	80,034	104,683	312,375
Expenses included in the statement of activities	<u>\$ 9,067,038</u>	<u>\$ 1,024,496</u>	<u>\$ 3,141,303</u>	<u>\$ 13,232,837</u>	<u>\$ 808,630</u>	<u>\$ 1,162,197</u>	<u>\$ 1,970,827</u>	15,203,664
Less: donor pass through distributions								<u>(1,301,665)</u>
								<u>\$ 13,901,999</u>

JEWISHcolorado
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (7,610,900)	\$ 8,151,035
Items not requiring (providing) cash		
Depreciation	322,112	312,375
Bad debt expense	4,234	440,521
Interest waived (recovered) on note receivable	120,644	(76,323)
Net realized and unrealized loss (gain) on investments	9,841,809	(7,640,398)
Net realized and unrealized loss (gain) on investments held for others	3,511,201	(888,856)
Change in value of split-interest gifts	(14,362)	(30,364)
Contributions received for long-term investment and capital campaign	(330,547)	(823,548)
Changes in assets and liabilities		
Annual and capital campaign pledges receivable	2,255,683	412,196
Accounts receivable	25,651	279,848
Loans and notes receivable	181,578	441,347
Other assets	146,355	(174,139)
Accounts payable and accrued expenses	(732,922)	(268,042)
Refundable advance (PPP loan)	-	(551,052)
Funds held on behalf of others	(3,985,559)	4,611,804
Due to other agencies	(938,218)	(747,183)
	<u>2,796,759</u>	<u>3,449,221</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of property and equipment	(70,911)	(51,234)
Purchases of investments	(29,398,385)	(27,732,258)
Proceeds from sales and maturities of investments	27,161,906	22,606,439
	<u>(2,307,390)</u>	<u>(5,177,053)</u>
Net cash used in investing activities		
Financing Activities		
Proceeds from contributions received for endowments	330,547	823,548
Payments on line-of-credit	(624,000)	-
Principal payments on long-term debt	(432,221)	(459,221)
	<u>(725,674)</u>	<u>364,327</u>
Net cash provided by (used in) financing activities		

JEWISHcolorado
Statements of Cash Flows (continued)
Years Ended June 30, 2022 and 2021

	2022	2021
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(236,305)	(1,363,505)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	9,331,760	10,695,265
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 9,095,455	\$ 9,331,760
Cash and cash equivalents	\$ 597,497	\$ 687,157
Certificates of deposit	8,497,958	8,477,893
Restricted cash	-	166,710
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 9,095,455	\$ 9,331,760

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

JEWISHcolorado (Jco) is a not-for-profit corporation whose mission is to secure, steward and share philanthropic and human resources in support of vibrant Jewish life in Colorado, Israel and around the world. Jco will also mobilize the Jewish community in time of need. Jco is the result of an October 2013 merger between the Allied Jewish Federation of Colorado and the Jewish Community Foundation of Colorado.

Through a strategic grant-making process, awards are made to organizations and programs that fall within one of three focus areas:

- 1) Engaging the next generation in being Jewish
- 2) Caring for the vulnerable
- 3) Advocating for Israel and the Jewish world

Jco is also the center of long-term philanthropy for the Jewish community in Colorado. It educates the community about the benefits of planned giving and long-term sustained philanthropy guided by Jewish values. The endowments of many Jewish organizations and other restricted funds are housed at Jco.

During 2008, Jco entered into a lease arrangement with Hillel House whereby Jco would lease property solely for the use of Hillel House for a period of 99 years and at a rate of \$10 per year. Jco has no outstanding debt associated with this property and while Jco believes this property has a substantial fair market value, no value has been assigned to the land and building on the statements of financial position due to the terms of the related lease agreement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Jco considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents for financial reporting purposes.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Restricted Cash

For the year ended June 30, 2021, restricted cash consists of cash restricted for Aspen Valley UJA. Following the dissolution of Aspen Valley UJA in 2021, Jco no longer holds restricted cash on their behalf.

Credit Risk

Financial instruments that potentially subject Jco to concentrations of credit risk consist primarily of cash and cash equivalents, investment, pledges receivable and notes receivable. Jco limits its exposure to credit risk by placing its cash and cash equivalents and short-term investments in securities backed by the United States government and in instruments issued by quality financial institutions. Amounts are invested in several institutions to minimize risk. At various times throughout the year and at year-end, Jco's balances exceeded the federally insured limits.

Jco reduces its credit risk related to notes receivable and investments through its involvement and limited oversight of the third-party investors and borrowers.

Pledges Receivable

Pledges relating to the annual campaign are expected to be collected within 18 months, or at the completion of a campaign, and are recorded at their net realizable values. No discount has been recorded as these amounts would have been insignificant. An allowance for uncollectible pledges has been established by Jco's management based on past collection experience and current economic conditions. Pledges relating to the capital campaign are expected to be collected over a five-year period. Accordingly, a discount has been recorded, as discussed in Note 3.

Investments and Net Investment Return

Investments include a variety of assets that are intended to provide a return on investment to Jco, as well as support the Jewish community as a whole.

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value at time of donation, if acquired by contribution or fair value.

Investments in certain alternative investment funds are recorded at net asset value (NAV), as a practical expedient.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

For cash flows purposes, purchases and sales of investments consist of amounts deposited and withdrawn from Jco's investment advisor. Jco's investment advisor manages Jco's investment portfolio on a day-to-day discretionary basis and acts accordingly with Jco's Investment Policy Statement.

Loans and Notes Receivable

Loans and notes receivable consist of loan participation agreements and various notes receivable to other organizations. Loan participation agreements are reported at the value of Jco's participation percentage in the original loan value. Interest is earned on the loan participation agreements in accordance with third-party loan agreements. In general, the loan participation agreements are secured by a first deed of trust as part of the third-party loan agreement. Note receivable are recognized at their face value.

Interest is earned on notes receivable in accordance with the note agreements. An allowance for uncollectible notes receivable has been established by Jco's management based on past collection experience and current economic conditions.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	35 - 40 years
Furniture and equipment	5 - 10 years

Property and equipment are capitalized at purchased cost or fair value at the date of donation. Jco follows the practice of capitalizing all expenditures and donations for buildings, improvements, furniture and equipment over \$5,000. Expenditures for lesser amounts are charged to operations.

Long-lived Asset Impairment

Jco evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor reclassifications consist of amounts reclassified by donors from donor-advised funds into donor-restricted endowment funds, which are perpetual in nature.

Contributions

Jco conducts an annual fundraising campaign to raise support for grants to agencies in the subsequent year. Each year, based on the results of the campaign, the Board, on the recommendation of the Grants Committee, awards funds to organizations whose programs fit specific impact areas. Grants are recorded on an accrual basis when amounts are reasonably determinable.

Jco allows donors to designate their contributions to any Jewish organization with Section 501(c)(3) status as determined by the IRS. Jco receives resources in certain transactions in which it is acting as an intermediary for the resource providers.

Contributions are provided to Jco either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Jco overcoming a donor-imposed barrier to be entitled to the funds	Not recognized as revenue until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Nature of the Gift	Value Recognized
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Program contributions are contributions restricted for certain programmatic purposes by donors. Since the contribution with restriction is received and satisfied in the same period, these amounts are reported as net assets without donor restrictions.

Donor pass-through contributions, which consist of donor-designated pledges are recorded as liabilities rather than revenue for the organization receiving the pledges and are recorded as funds held on behalf of others. Gross designations and distributions are presented in the statement of activities and subsequently eliminated, since Jco does not have variance power over these contributions.

Conditional promises to give are not included as support until such time as the conditions are substantially met. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Distributions are approved and made by Jco from its donor-advised funds based on the recommendations of donors.

Split-interest Gifts

Certain donors have entered into trust or annuity arrangements whereby Jco receives benefits that are shared with other beneficiaries. There are interests in charitable remainder and lead trusts, a perpetual trust, and charitable gift annuities. Amortization of discounts and revaluations of expected future payments based on changes in life expectancy are recorded in the statement of activities as change in value of split-interest gifts.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Donor-advised Funds

Jco offers donors the option of establishing a donor-advised fund as a vehicle to promote philanthropic giving. Donor-advised funds are recorded as contributions without donor restrictions due to Jco's retention of variance power over the assets contributed. Donors may make recommended distributions from the donor-advised funds in accordance with the donor-advised fund agreement. All distributions are approved by Jco. Payments to agencies from donor-advised funds are recorded as distributions in the year paid.

Contributed Services

Jco receives a significant amount of donated services from unpaid volunteers who assist in fundraising, program activities and special events. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Income Taxes

Jco is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, Jco is subject to federal income tax on any unrelated business taxable income. There was no significant unrelated business taxable income for the years ended June 30, 2022 and 2021.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories. Allocated overhead consists of:

- Executive personnel costs allocated based on estimates of time expended
- Facilities costs allocated based on salary allocations
- Information technology costs allocated based on salary allocations

Subsequent Events

Subsequent events have been evaluated through November 16, 2022, which is the date the financial statements were available to be issued.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Note 2: Liquidity and Availability

Jco manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets to fund near-term operating needs
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met that support mission fulfillment and will continue to be met, ensuring the sustainability of Jco

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 597,497	\$ 687,157
Certificates of deposit	8,497,958	8,477,893
Investments	56,071,300	67,187,831
Assets held under split-interest agreements	1,447,905	1,644,855
Accounts and annual pledges receivable, net	1,620,669	3,279,788
Capital campaign receivables, net	643,960	1,270,409
Loans and notes receivable	1,127,374	1,429,596
Total financial assets	70,006,663	83,977,529
Less: amounts due in more than one year		
Pledges receivable, net	524,125	865,037
Loans and notes receivable	1,127,374	1,429,596
	1,651,499	2,294,633
Less: amounts not available to be used within one year		
Funds held on behalf of others	16,540,186	20,525,745
Obligations on split-interest agreements	1,159,624	1,370,936
Restricted funds	1,300,841	1,878,324
Endowments and amounts not subjected to spending policy or appropriation in Note 12	13,541,468	14,730,229
	32,542,119	38,505,234
Less: internal designations		
Donor advised funds	30,598,139	35,722,918
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,214,906	\$ 7,454,744

Jco receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Jco's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Cash needs are reviewed daily, and Jco strives to operate efficiently.

Note 3: Pledges Receivable

Pledges receivable consisted of the following as of June 30:

	Without Donor Restrictions	
	2022	2021
Annual Campaign Pledges Receivable		
Due within one year	\$ 1,738,702	\$ 3,518,741
Due within one to five years	-	-
	1,738,702	3,518,741
Less		
Allowance for uncollectible pledges	120,480	267,051
	\$ 1,618,222	\$ 3,251,690
Capital Campaign Pledges Receivable		
Due within one year	\$ 188,670	\$ 546,800
Due within one to five years	524,125	865,037
	712,795	1,411,837
Less		
Allowance for uncollectible contributions	22,939	34,648
Unamortized discount	45,896	106,780
	\$ 643,960	\$ 1,270,409
Net capital campaign pledges receivable		
Total net pledges receivable	\$ 2,262,182	\$ 4,522,099

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

The discount rate applied was 4% for 2022 and 2021.

Pledges receivable on the accompanying statements of financial position include approximately \$320,000 and \$493,000 due from various members of the Board as of June 30, 2022 and 2021, respectively.

Note 4: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Fair Value Measurements Using				
	Total Fair Value	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^(A)
June 30, 2022					
Assets					
Investments					
Cash and money market funds	\$ 3,253,472	\$ 3,253,472	\$ -	\$ -	\$ -
Certificates of deposit	8,497,958	8,497,958	-	-	-
Mutual funds	51,630,686	51,630,686	-	-	-
Cash surrender value of life insurance policies (C)	421,463	-	421,463	-	-
Perpetual trust (D)	136,784	-	-	136,784	-
Alternative investments					
Limited partnerships (E)	301,833	-	-	301,833	-
Pooled investments held by others (F)	463,846	-	-	-	463,846
Total investments	64,706,042	63,382,116	421,463	438,617	463,846
Investments held for split-interest agreements (G)	1,311,121	1,311,121	-	-	-
Total investments and split-interest agreements	<u>\$ 66,017,163</u>	<u>\$ 64,693,237</u>	<u>\$ 421,463</u>	<u>\$ 438,617</u>	<u>\$ 463,846</u>

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

	Fair Value Measurements Using				
	Total Fair Value	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^(A)
June 30, 2021					
Assets					
Investments					
Cash and money					
market funds	\$ 2,352,275	\$ 2,352,275	\$ -	\$ -	\$ -
Certificates of deposit	8,477,893	8,477,893	-	-	-
Mutual funds	63,449,772	63,449,772	-	-	-
Fixed income (B)	35,500	-	-	35,500	-
Cash surrender value of life insurance policies (C)	376,299	-	376,299	-	-
Perpetual trust (D)	136,784	-	-	136,784	-
Alternative investments					
Limited partnerships (E)	118,503	-	-	118,503	-
Pooled investments held by others (F)	855,482	-	-	-	855,482
Total investments	75,802,508	74,279,940	376,299	290,787	855,482
Investments held in split- interest agreements	1,508,071	1,508,071	-	-	-
Total investments and split-interest agreements	<u>\$ 77,310,579</u>	<u>\$ 75,788,011</u>	<u>\$ 376,299</u>	<u>\$ 290,787</u>	<u>\$ 855,482</u>

- (A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.
- (B) Jco holds investments in foreign and sovereign bonds both directly and as a part of its investment portfolio. These bonds are long-term investments.
- (C) Jco is the named beneficiary of several life insurance policies. The investment value is stated at the cash surrender value of the policy, regardless of the ultimate policy coverage amount.
- (D) Jco is the beneficiary of an interest in a perpetual trust in which Jco is not the trustee. Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement.
- (E) Limited partnership investments are composed of ownership shares held in a private corporation where market comparisons are unavailable.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

- (F) Jco holds investments in several separately managed portfolios. In communication with portfolio managers, the underlying assets are composed of equities and publicly traded securities. Jco elected to value the asset at net asset value. Otherwise, the investments are not intended to be sold and there is not current timeline for liquidation.
- (G) Jco is a beneficiary in split-interest agreements in which Jco is also the trustee of the investments held for distribution. As a trustee, Jco plays a fiduciary role in the safekeeping of the asset. The underlying investments are invested in assets with readily determinable fair values.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There were no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Significant Unobservable Inputs (Level 3)
Balance, June 30, 2020	<u>\$ 797,841</u>
Sales	<u>(507,054)</u>
Balance, June 30, 2021	<u>290,787</u>
Purchases	183,330
Sales	<u>(35,500)</u>
Balance, June 30, 2022	<u><u>\$ 438,617</u></u>

Unobservable Level 3 Inputs

The following is a description of the sensitivity of significant unobservable inputs, the interrelationships among the unobservable inputs used in the recurring fair value measurement and how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

Fixed Income

This fixed income category is composed of portfolio holdings and direct investments in foreign and sovereign bonds as described above. The significant unobservable inputs used in the fair value measurement of Jco's fixed income securities are premiums for unrated securities and marketability discounts. Significant increases (decreases) in either of those inputs in isolation would result in a lower (higher) fair value measurement. In general, changes in either of those inputs will not affect the other input. As the investment type is more rare, significant market gains or losses are not as common. Therefore, the cash basis of these investments approximates fair value of these investments as the market difference is not material as deemed by Jco.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. The fair value is generally stated at Jco's share of the fair value of the underlying investments. This results in the fair value being estimated using mortality tables, which is considered an unobservable input.

Limited Partnerships

Limited partnership investments are composed of ownership of two classes of option units held in a private company where market comparisons are unavailable. A third-party valuation was performed by the private company whose underlying inputs, including use of an option pricing model, are considered unobservable.

Note 5: Assets Held and Obligations on Split-interest Agreements

Jco holds split-interest gifts that comprise the following at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value</u>	<u>Obligation</u>	<u>Fair Value</u>	<u>Obligation</u>
Remainder interests in two trusts with investments recorded at fair value. Jco is obligated to make various payments of trust assets annually to the beneficiaries either over their lifetimes or for a period of 20 years. The obligations have been discounted to present value using a discount rate of 9.0% and actuarial life expectancy tables.	\$ 1,311,121	\$ 1,159,624	\$ 1,508,071	\$ 1,370,936
Jco has an irrevocable 5.0% interest in a perpetual trust	<u>136,784</u>	<u>-</u>	<u>136,784</u>	<u>-</u>
	<u>\$ 1,447,905</u>	<u>\$ 1,159,624</u>	<u>\$ 1,644,855</u>	<u>\$ 1,370,936</u>

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Note 6: Loans and Notes Receivable

Loans and notes receivable includes a note receivable, secured by a lien against property with Denver Jewish Day School (DJDS) in Denver valued at \$1,059,948 and \$1,109,948 at June 30, 2022 and 2021, respectively, is included in the notes receivable balance. In June 2019, Jco and DJDS entered into an amended and restated promissory note where both parties are committed to ensuring the continued growth and strength of the Colorado Jewish Community, maturing on June 1, 2044. As part of this commitment, DJDS will conduct its Hebrew Immersion Program, a six-week study program in Israel for 10th grade students in which they have the opportunity to live with Israelis, deepen their Hebrew language skills, connect to Israel, and grow as they immerse themselves in Israel’s culture and language.

If DJDS pays amounts as agreed upon and performs its obligations as noted above, Jco will waive accumulated accrued interest (\$305,413 and \$184,769 for 2022 and 2021, respectively). If performance obligations are not met, interest will accrue and be paid along with any principal at maturity date.

Note 7: Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of:

	2022	2021
Land, building and improvements	\$ 8,891,326	\$ 8,891,326
Furniture and equipment	867,839	764,051
	9,759,165	9,655,377
Less accumulated depreciation and amortization	1,689,700	1,334,711
	\$ 8,069,465	\$ 8,320,666

Note 8: Line-of-Credit

Jco has a \$2,500,000 line-of-credit expiring in May 1, 2023. At June 30, 2022 and 2021, there was \$0 and \$624,000 borrowed against this line, respectively. The line is collateralized by substantially all of Jco’s assets. As of June 30, 2021 interest was calculated at LIBOR plus 1.750%, which was 3.8%. As of June 30, 2022 interest was calculated at daily simple SOFR plus 3.750%, which was 4.8%. The interest rate is subject to changes in the SOFR index.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Note 9: Funds Held on Behalf of Others

Jco houses funds to be invested for institutions primarily serving the greater Denver Jewish community. As of June 30, 2022 and 2021, Jco held \$16,540,186 and \$20,525,745, respectively, for local Jewish institution funds, which is included in Jco's investments. Distributions from these funds of \$908,932 and \$1,301,665 were paid to beneficiary institutions consistent with the terms of the institution's custodial agreements in 2022 and 2021, respectively. The balances in these funds vary each year due to the net of contributions, distributions and market losses.

Note 10: Long-term Debt

In July 2018, Jco obtained a construction loan from a bank for the purpose of remodeling their existing building. The loan provided for up to \$6,000,000 in principal. The loan exited the drawdown period during fiscal year 2021 with principal payments beginning February 1, 2021. Principal is to be paid annually based on a 20-year amortization with interest payable monthly. The final maturity date is July 10, 2025 and is secured by capital campaign pledged revenues (totaling \$643,960 at June 30, 2022) and cash collected from capital campaign pledges (totaling \$649,026 at June 30, 2022), given that pledge collections are, as a whole, ahead of schedule. The balance of the loan at June 30, 2022 and 2021 was \$1,292,986 and \$1,725,207, respectively.

Aggregate annual maturities of long-term debt at June 30, 2022:

2023	\$ 109,221
2024	109,221
2025	109,221
2026	<u>965,323</u>
	<u>\$ 1,292,986</u>

Note 11: Due to Other Agencies

Due to other agencies consists of the following at the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Grants to national and overseas organizations	\$ 1,439,250	\$ 1,555,225
Grants to strategic alliance partners and local agencies	18,385	668,035
Donor designations to local and national agencies	<u>149,971</u>	<u>322,564</u>
	<u>\$ 1,607,606</u>	<u>\$ 2,545,824</u>

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

Note 12: Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2022 and 2021 have been designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 11,615,774	\$ 12,303,115
Donor-advised funds	30,598,139	35,722,918
B'nai Tzedek fund	<u>167,684</u>	<u>200,220</u>
	<u>\$ 42,381,597</u>	<u>\$ 48,226,253</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Purpose restrictions		
Programs for Israel	\$ -	\$ 5,185
School and camp scholarship funds	137,084	83,443
Future care for vulnerable populations in Denver	455,315	701,384
Jco future operations	378,654	548,609
Other	<u>178,291</u>	<u>402,568</u>
	<u>1,149,344</u>	<u>1,741,189</u>
Time restrictions		
Split-interest gifts	<u>151,497</u>	<u>137,135</u>
Endowments		
Subject to endowment spending policy and appropriation		
Programs for Israel	4,217,732	4,467,931
School and camp scholarship funds	799,274	2,573,948
Jco future operations	4,127,933	4,243,978
Other	<u>2,528,197</u>	<u>2,537,635</u>
Total endowments	<u>11,673,136</u>	<u>13,823,492</u>

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

	2022	2021
Not subject to spending policy or appropriation		
Pooled investments held by others	420,427	489,611
Perpetual trust	136,784	136,784
Charitable remainder trust	1,311,121	270,342
Other	-	10,000
	1,868,332	906,737
	\$ 14,842,309	\$ 16,608,553

Note 13: Endowment

Jco’s endowment consists of approximately 45 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Jco’s governing body is subject to the *State of Colorado Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, Jco classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, Jco considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Jco and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Jco
7. Investment policies of Jco

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

The composition of net assets by type of endowment fund at June 30, 2022 and 2021 was:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Amounts required to be maintained in perpetuity by donor	\$ -	\$ 10,828,271	\$ 10,828,271
Accumulated investment gains	-	844,865	844,865
	<u>\$ -</u>	<u>\$ 11,673,136</u>	<u>\$ 11,673,136</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Amounts required to be maintained in perpetuity by donor	\$ -	\$ 10,828,271	\$ 10,828,271
Accumulated investment gains	-	2,995,221	2,995,221
	<u>\$ -</u>	<u>\$ 13,823,492</u>	<u>\$ 13,823,492</u>

Change in endowment net assets for the years ended June 30, 2022 and 2021 were:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 13,823,492	\$ 13,823,492
Investment return, net	-	(1,897,012)	(1,897,012)
Additions	-	330,547	330,547
Appropriation of endowment assets for expenditures	-	(583,891)	(583,891)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 11,673,136</u>	<u>\$ 11,673,136</u>

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 10,635,840	\$ 10,635,840
Investment return, net	-	2,541,140	2,541,140
Additions	-	823,548	823,548
Appropriation of endowment assets for expenditures	-	(177,036)	(177,036)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 13,823,492</u>	<u>\$ 13,823,492</u>

Investment and Spending Policies

The Investment Committee and Jco’s management are responsible for selecting and managing the asset mix for the endowments of Jco. The target asset allocation is determined on a fund-by-fund basis, depending on the investment objectives of each fund. Each fund has been assigned a model portfolio as the target asset allocation. The model portfolios include a conservative model, a moderate model, a moderate-without-alternative-investments model, and a growth model. Each model designates a target allocation to each of the following areas: (a) U.S. equities (12.5%-25%), (b) international equities (12.5%-25%), (c) hedged equities (5%-15%), (d) alternative investments (0%-20%), and (e) cash/fixed income (15%-60%). The spending policy is also determined on a fund-by-fund basis, depending on the spending objectives of each fund. This spending policy is either a percentage basis or flat distribution amount that will allow the endowment investments to grow in periods of strong growth while also allowing for distributions in years when investment values depreciate, which ultimately allows endowment investments to be maintained in perpetuity.

This is consistent with Jco’s objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of Jco has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Jco considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Jco has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

JEWISHcolorado
Notes to Financial Statements
June 30, 2022 and 2021

At June 30, 2022, approximately 20 funds with original gift values of \$8,067,171, fair values of \$6,958,233, and deficiencies of \$1,108,938, were reported in net assets with donor restrictions. These deficiencies resulted from continued appropriation for certain purposes that was deemed prudent by the governing body. There were no deficiencies at June 30, 2021.

Jco has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. Jco also has a spending policy that states an underwater endowment will be drawn at a reduced amount, rather than the above water rate.

Note 14: Employee Benefit Plan

Jco has a defined contribution plan (the Plan) available to all full-time employees after three months of employment. Under the Plan, Jco will match 100% of participants' contributions up to a maximum of 4% of their annual compensation. Employer matching and employee contributions are 100% vested upon contribution. In addition, Jco can make a discretionary retirement contribution to eligible participants with approval from the Board. Jco contributed approximately \$78,000 and \$90,000 to the Plan during the years ended June 30, 2022 and 2021, respectively.

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

Jco invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.