JEWISHcolorado

Independent Auditor’s Report and Financial Statements

June 30, 2023 and 2022

JEWISHcolorado
June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Board of Directors
JEWISHcolorado

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

Colorado Springs, Colorado
October 11, 2023

JEWISHcolorado

Statements of Financial Position

June 30, 2023 and 2022

Assets

	2023	2022
Cash and cash equivalents	$ 152,733	$ 597,497
Certificates of deposit	5,387,916	8,497,958
Accounts receivable	374	2,447
Annual pledges receivable, net	2,275,548	1,618,222
Capital campaign pledges receivable, net	584,480	643,960
Investments	59,357,757	56,071,300
Assets held under split-interest agreements	1,479,784	1,447,905
Loans and notes receivable, net of allowance; 2023 - $381,398 and 2022 - $305,413	2,110,278	1,127,374
Property and equipment, net of accumulated depreciation	7,829,333	8,069,465
Other assets	71,498	63,620
Total assets	$ 79,249,701	$ 78,139,748

Liabilities and Net Assets

	2023	2022
Liabilities		
Line-of-credit (revolving) agreement	$ 1,950,000	$ -
Accounts payable, accrued liabilities and deferred revenue	691,442	315,440
Funds held on behalf of others	20,587,468	16,540,186
Obligations on split-interest agreements	1,131,144	1,159,624
Long-term debt, net	947,013	1,292,986
Due to other agencies	779,500	1,607,606
Total liabilities	26,086,567	20,915,842
Net Assets		
Without donor restrictions	37,273,585	42,381,597
With donor restrictions	15,889,549	14,842,309
Total net assets	53,163,134	57,223,906
Total liabilities and net assets	$ 79,249,701	$ 78,139,748

JEWISHcolorado

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Annual contributions without donor restrictions	$ 4,387,000	$ -	$ 4,387,000
Program contributions	-	2,741,689	2,741,689
Contributions of nonfinancial assets	174,181	-	174,181
Donor-advised fund contributions, including donor pass-through contributions	6,955,468	-	6,955,468
Less donor pass-through contributions	(2,077,096)	-	(2,077,096)
Contributions, net	9,439,553	2,741,689	12,181,242
Program and event fees, net	605,789	-	605,789
Investment return, net	1,846,582	644,078	2,490,660
Investment and campaign management fees	376,073	-	376,073
Other income	70,914	-	70,914
Change in value of split-interest gift	-	60,359	60,359
Net assets released from restrictions	2,398,886	(2,398,886)	-
Total revenues, gains and other support	14,737,797	1,047,240	15,785,037
Expenses			
Distributions, from donor-advised funds including pass-through distributions	11,573,078	-	11,573,078
Israel programs	2,128,620	-	2,128,620
Colorado programs	4,762,516	-	4,762,516
Less donor pass-through distributions	(2,077,096)	-	(2,077,096)
Total program services	16,387,118	-	16,387,118
Management and general	958,924	-	958,924
Fundraising	2,499,767	-	2,499,767
Total support services	3,458,691	-	3,458,691
Total expenses	19,845,809	-	19,845,809
Change in Net Assets	(5,108,012)	1,047,240	(4,060,772)
Net Assets, Beginning of Year	42,381,597	14,842,309	57,223,906
Net Assets, End of Year	$ 37,273,585	$ 15,889,549	$ 53,163,134

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Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Annual contributions without donor restrictions	$ 4,196,981	$ -	$ 4,196,981
Program contributions	2,009,871	1,384,082	3,393,953
Donor-advised fund contributions, including donor pass-through contributions	8,497,166	-	8,497,166
Forgiveness of Paycheck Protection Program (PPP) loan	889,654	-	889,654
Less donor pass-through contributions	(1,369,203)	-	(1,369,203)
Contributions, net	14,224,469	1,384,082	15,608,551
Program and event fees, net	1,001,574	-	1,001,574
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	971,038	(971,038)	-
Total revenues, gains and other support	11,606,564	(1,766,244)	9,840,320
Expenses			
Distributions, from donor-advised funds including pass-through distributions	11,737,178	-	11,737,178
Israel programs	2,256,221	-	2,256,221
Colorado programs	2,686,570	-	2,686,570
Less donor pass-through distributions	(1,369,203)	-	(1,369,203)
Total program services	15,310,766	-	15,310,766
Management and general	824,762	-	824,762
Fundraising	1,315,692	-	1,315,692
Total support services	2,140,454	-	2,140,454
Total expenses	17,451,220	-	17,451,220
Change in Net Assets	(5,844,656)	(1,766,244)	(7,610,900)
Net Assets, Beginning of Year	48,226,253	16,608,553	64,834,806
Net Assets, End of Year	$ 42,381,597	$ 14,842,309	$ 57,223,906

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Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Support Services			
	Donor-advised Distributions	Israel Programs	Colorado Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Grants and distributions	$ 11,063,969	$ 86,290	$ 1,090,017	$ 12,240,276	$ -	$ -	$ -	$ 12,240,276
Personnel	482,178	718,530	1,280,766	2,481,474	466,268	972,612	1,438,880	3,920,354
Event expenses	-	156,533	228,617	385,150	11,065	611,051	622,116	1,007,266
Independent contractors	21,073	230,268	439,877	691,218	80,259	120,130	200,389	891,607
Office expenses	1,263	36,058	104,754	142,075	29,967	114,345	144,312	286,387
Facilities expenses	-	4,200	95,521	99,721	29,485	37,389	66,874	166,595
Bad debt expense and adjustment to fair value of long-term pledges	-	-	-	-	-	311,970	311,970	311,970
Travel and meetings	-	34,074	21,196	55,270	3,337	27,281	30,618	85,888
Insurance expense	-	37,156	40,773	77,929	9,836	16,486	26,322	104,251
Dues and subscriptions	-	1,458	354,462	355,920	8,221	11,300	19,521	375,441
Other expense	4,595	743,518	744,107	1,492,220	21,879	39,127	61,006	1,553,226
Equipment expense	-	13,293	158,656	171,949	41,377	88,361	129,738	301,687
Advertising and promotion	-	7,413	30,733	38,146	9,831	64,090	73,921	112,067
Financial expenses	-	3,087	32,578	35,665	209,503	12,140	221,643	257,308
Depreciation	-	56,742	140,459	197,201	37,896	73,485	111,381	308,582
Expenses included in the statement of activities	$ 11,573,078	$ 2,128,620	$ 4,762,516	$ 18,464,214	$ 958,924	$ 2,499,767	$ 3,458,691	21,922,905
Less: donor pass through distributions								(2,077,096)
								$ 19,845,809

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Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Support Services			
	Donor-advised Distributions	Israel Programs	Colorado Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total
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
Event expenses	-	73,271	107,012	180,283	5,179	286,024	291,203	471,486
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	$ 11,737,178	$ 2,256,221	$ 2,686,570	$ 16,679,969	$ 824,762	$ 1,315,692	$ 2,140,454	18,820,423
Less: donor pass through distributions								(1,369,203)
								$ 17,451,220

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Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ (4,060,772)	$ (7,610,900)
Items not requiring (providing) cash		
Depreciation	308,582	322,112
Bad debt expense	311,970	4,234
Interest waived on note receivable	50,000	120,644
Net realized and unrealized loss (gain) on investments	(3,016,013)	9,367,451
Change in value of split-interest gifts	(60,359)	(14,362)
Contributions received for long-term investment and capital campaign	(169,429)	(330,547)
Changes in assets and liabilities		
Annual and capital campaign pledges receivable	(909,816)	2,255,683
Accounts receivable	2,073	25,651
Loans and notes receivable	(1,032,904)	181,578
Other assets	(7,878)	146,355
Accounts payable and accrued expenses	376,002	(732,922)
Due to other agencies	(828,106)	(938,218)
Net cash provided by (used in) operating activities	(9,036,650)	2,796,759
Investing Activities		
Purchase of property and equipment	(68,450)	(70,911)
Purchases of investments	(1,196,438)	(29,398,385)
Proceeds from sales and maturities of investments	4,973,276	27,161,906
Net cash provided by (used in) investing activities	3,708,388	(2,307,390)
Financing Activities		
Proceeds from contributions received for endowments	169,429	330,547
Proceeds from line-of-credit	1,950,000	-
Payments on line-of-credit	-	(624,000)
Principal payments on long-term debt	(345,973)	(432,221)
Net cash provided by (used in) financing activities	1,773,456	(725,674)
Net Decrease in Cash and Cash Equivalents	(3,554,806)	(236,305)
Cash and Cash Equivalents - Beginning of Year	9,095,455	9,331,760
Cash and Cash Equivalents - End of Year	$ 5,540,649	$ 9,095,455
Cash and cash equivalents	$ 152,733	$ 597,497
Certificates of deposit	5,387,916	8,497,958
Cash and Cash Equivalents - End of Year	$ 5,540,649	$ 9,095,455

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, 2023 and 2022, 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.

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.

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.

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
Conditional gifts, with or without restriction	
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.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
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
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.

Contributed Nonfinancial Assets

During 2023, Jco received donated professional services and contributed items, without restrictions, that were used in operations. Jco values these non-cash donations based on prevailing market rates of similar goods and services.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

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.

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.

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.

Program and Event Fees

Program and event fees are reported at the amount that reflects the consideration to which Jco expects to be entitled in exchange for providing defined goods and services. Revenue is recognized as performance obligations are satisfied, which is upon receipt of the funds as Jco receives a nonrefundable deposit prior to the program or event. Jco determines the transaction price based on standard charges for goods and services provided.

Jco has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected primarily by the individual or group customers that have different payment methodologies.

For the years ended June 30, 2023 and 2022, revenues from program and event rental income relate to goods or services that transfer to the customer at a point in time.

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, 2023 and 2022.

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 October 11, 2023, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

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, 2023 and 2022, comprise the following:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 152,733	$ 597,497
Certificates of deposit	5,387,916	8,497,958
Investments	59,357,757	56,071,300
Assets held under split-interest agreements	1,479,784	1,447,905
Accounts and annual pledges receivable, net	2,275,922	1,620,669
Capital campaign receivables, net	584,480	643,960
Loans and notes receivable	2,110,278	1,127,374
Total financial assets	71,348,870	70,006,663
Less: amounts due in more than one year		
Pledges receivable, net	215,088	524,125
Loans and notes receivable	2,110,278	1,127,374
	2,325,366	1,651,499
Less: amounts not available to be used within one year		
Funds held on behalf of others	20,587,468	16,540,186
Obligations on split-interest agreements	1,131,144	1,159,624
Restricted funds	2,993,329	1,300,841
Endowments and amounts not subjected to spending policy or appropriation in Note 12	12,896,220	13,541,468
	37,608,161	32,542,119
Less: internal designations		
Donor advised funds	28,492,258	30,598,139
Financial assets available to meet cash needs for general expenditures within one year	$ 2,923,085	$ 5,214,906

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.

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 2023	Without Donor Restrictions 2022
Annual Campaign Pledges Receivable		
Due within one year	$ 2,439,764	$ 1,738,702
	2,439,764	1,738,702
Less		
Allowance for uncollectible pledges	164,216	120,480
	$ 2,275,548	$ 1,618,222
Capital Campaign Pledges Receivable		
Due within one year	$ 430,176	$ 188,670
Due within one to five years	215,088	524,125
	645,264	712,795
Less		
Allowance for uncollectible contributions	12,409	22,939
Unamortized discount	48,375	45,896
Net capital campaign pledges receivable	$ 584,480	$ 643,960
Total net pledges receivable	$ 2,860,028	$ 2,262,182

The discount rate applied was 4% for 2023 and 2022.

Pledges receivable on the accompanying statements of financial position include approximately $118,000 and $320,000 due from various members of the Board as of June 30, 2023 and 2022, 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

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, 2023 and 2022:

		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, 2023					
Assets					
Investments					
Cash and money market funds	$ 2,773,271	$ 2,773,271	$ -	$ -	$ -
Certificates of deposit	5,387,916	5,387,916	-	-	-
Mutual funds	54,761,019	54,761,019	-	-	-
Cash surrender value of life insurance policies (B)	459,867	-	459,867	-	-
Perpetual trust (C)	124,418	-	-	124,418	-
Alternative investments					
Limited partnerships (D)	139,760	-	-	139,760	-
Pooled investments held by others (E)	1,223,840	-	-	-	1,223,840
Total investments	64,870,091	62,922,206	459,867	264,178	1,223,840
Investments held for split-interest agreements (F)	1,355,366	1,355,366	-	-	-
Total investments and split-interest agreements	$ 66,225,457	$ 64,277,572	$ 459,867	$ 264,178	$ 1,223,840

	Total Fair Value	Fair Value Measurements Using: 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 (B)	421,463	-	421,463	-	-
Perpetual trust (C)	136,784	-	-	136,784	-
Alternative investments					
Limited partnerships (D)	301,833	-	-	301,833	-
Pooled investments held by others (E)	463,846	-	-	-	463,846
Total investments	64,706,042	63,382,116	421,463	438,617	463,846
Investments held in split-interest agreements (F)	1,311,121	1,311,121	-	-	-
Total investments and split-interest agreements	$ 66,017,163	$ 64,693,237	$ 421,463	$ 438,617	$ 463,846

(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 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.

(C) 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.

(D) Limited partnership investments are composed of ownership shares held in a private corporation where market comparisons are unavailable.

(E) 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. The investments are not intended to be sold and there is not currently a timeline for liquidation.

(F) 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, 2023 and 2022. 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.

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, 2021	$ 290,787
Purchases	183,330
Sales	(35,500)
Balance, June 30, 2022	438,617
Sales	(174,439)
Balance, June 30, 2023	$ 264,178

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.

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:

	2023		2022	
	Fair Value	**Obligation**	**Fair Value**	**Obligation**
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.	$ 1,355,366	$ 1,131,144	$ 1,311,121	$ 1,159,624
Jco has an irrevocable 5.0% interest in a perpetual trust	124,418	-	136,784	-
	$ 1,479,784	$ 1,131,144	$ 1,447,905	$ 1,159,624

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 $1,085,933 and $1,059,948 at June 30, 2023 and 2022, 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 ($381,398 and $305,413 for 2023 and 2022, 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, 2023 and 2022 consists of:

	2023	2022
Land, building and improvements	$ 8,891,326	$ 8,891,326
Furniture and equipment	909,264	867,839
	9,800,590	9,759,165
Less: accumulated depreciation and amortization	1,971,257	1,689,700
	$ 7,829,333	$ 8,069,465

Note 8: Line-of-Credit

Jco has a $2,000,000 line-of-credit expiring in April 30, 2024. At June 30, 2023 and 2022, there was $1,950,000 and $0 borrowed against this line, respectively. The line is collateralized by substantially all of Jco's assets. As of June 30, 2023 and 2022, interest was calculated at daily simple SOFR plus 3.750%, which was 8.81% and 4.8%, respectively. The interest rate is subject to changes in the SOFR index.

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, 2023 and 2022, Jco held $20,587,468 and $16,540,186, respectively, for local Jewish institution funds, which is included in Jco's investments. Distributions from these funds of approximately $3,900,000 and $1,000,000 were paid to beneficiary institutions consistent with the terms of the institution's custodial agreements in 2023 and 2022, 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 and cash collected from capital campaign pledges. The balance of the loan at June 30, 2023 and 2022 was $947,013 and $1,292,986, respectively.

Aggregate annual maturities of long-term debt at June 30, 2023:

2024	$ 109,221
2025	837,792
	$ 947,013

Note 11: Due to Other Agencies

Due to other agencies consists of the following at the years ended June 30, 2023 and 2022:

	2023	2022
Grants to national and overseas organizations	$ 779,500	$ 1,439,250
Grants to strategic alliance partners and local agencies	-	18,385
Donor designations to local and national agencies	-	149,971
	$ 779,500	$ 1,607,606

Note 12: Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2023 and 2022 have been designated for the following purposes:

	2023	2022
Undesignated	$ 8,594,308	$ 11,615,774
Donor-advised funds	28,492,258	30,598,139
B'nai Tzedek fund	187,019	167,684
	$ 37,273,585	$ 42,381,597

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are restricted for the following purposes or periods:

	2023	2022
Purpose restrictions		
Jco projects and programs	$ 1,730,648	$ -
School and camp scholarship funds	170,316	137,084
Future care for vulnerable populations in Denver	491,303	455,315
Jco future operations	309,836	378,654
Other	67,004	178,291
	2,769,107	1,149,344
Time restrictions		
Split-interest gifts	224,222	151,497
Endowments		
Subject to endowment spending policy and appropriation		
Programs for Israel	4,225,337	4,217,732
School and camp scholarship funds	791,418	799,274
Jco future operations	4,074,747	4,127,933
Other	2,456,460	2,528,197
Total endowments	11,547,962	11,673,136

	2023	2022
Not subject to spending policy or appropriation		
Pooled investments held by others	1,223,840	420,427
Perpetual trust	124,418	136,784
Other	-	1,311,121
	1,348,258	1,868,332
	$ 15,889,549	$ 14,842,309

Note 13: Endowment

Jco's endowment consists of approximately 60 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

The composition of net assets by type of endowment fund at June 30, 2023 and 2022 was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Amounts required to be maintained in perpetuity by donor	$ -	$ 10,997,700	$ 10,997,700
Accumulated investment gains	-	550,262	550,262
	$ -	$ 11,547,962	$ 11,547,962

	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
	$ -	$ 11,673,136	$ 11,673,136

Change in endowment net assets for the years ended June 30, 2023 and 2022 were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 11,673,136	$ 11,673,136
Investment return, net	-	141,202	141,202
Additions	-	169,429	169,429
Appropriation of endowment assets for expenditures	-	(435,805)	(435,805)
Endowment net assets, end of year	$ -	$ 11,547,962	$ 11,547,962

	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	$ -	$ 11,673,136	$ 11,673,136

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%). This spending policy is generally 4.5% annually, which 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, at a spending rate of 2.25% (as compared to 4.5% on abovewater funds), in accordance with the prudent measures required under the law.

At June 30, 2023, approximately 15 funds with original gift values of $7,648,653, fair values of $6,889,055, and deficiencies of $759,598 were underwater. 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 underwater. These deficiencies were reported in net assets with donor restrictions and resulted from continued appropriation for certain purposes that was deemed prudent by the governing body.

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 that 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 $96,000 and $78,000 to the Plan during the years ended June 30, 2023 and 2022, 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.