

Financial Statements

Jewish Federation of Palm Springs
and Desert Area

June 30, 2021 and 2020

Maryanov Madsen Gordon & Campbell
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Jewish Federation of Palm Springs and Desert Area

We have audited the accompanying financial statements of Jewish Federation of Palm Springs and Desert Area (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors and Management of
Jewish Federation of Palm Springs and Desert Area

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Palm Springs and Desert Area as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1-6, starting on page 20, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maryann Mader Gordon Campbell

Palm Springs, California
February 22, 2022

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 476,066	\$ 1,304,691
Pledges receivable, net	294,019	478,792
Investments	4,051,231	2,576,875
Prepaid expenses and other assets	<u>1,200</u>	<u>35,763</u>
Total current assets	<u>4,822,516</u>	<u>4,396,121</u>
OTHER ASSETS		
Investments - with donor restrictions	2,243,610	2,327,352
Cash surrender value of life insurance policies	<u>43,898</u>	<u>43,855</u>
Total other assets	<u>2,287,508</u>	<u>2,371,207</u>
PROPERTY AND EQUIPMENT, net	<u>1,448,091</u>	<u>1,496,150</u>
TOTAL ASSETS	<u><u>\$ 8,558,115</u></u>	<u><u>\$ 8,263,478</u></u>

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

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Allocation payable - JFNA	\$ 70,000	\$ 25,927
Other allocations payable	1,531,602	1,444,887
Accrued vacation	98,526	82,923
Note payable	84,144	83,310
Other payables	-	139
	<u>1,784,272</u>	<u>1,637,186</u>
NET ASSETS		
Without donor restrictions		
Undesignated	3,113,364	3,087,804
Board-designated	1,416,826	1,211,136
	<u>4,530,190</u>	<u>4,298,940</u>
With donor restrictions	<u>2,243,653</u>	<u>2,327,352</u>
	<u>6,773,843</u>	<u>6,626,292</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,558,115</u>	<u>\$ 8,263,478</u>

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Support			
Regular campaign	\$ 1,430,455	\$ -	\$ 1,430,455
Tamarisk	106,715	-	106,715
General and other contributions	191,293	-	191,293
Gain on investments, net	634,452	3,292	637,744
Interest and dividend income	43,307	23,009	66,316
Special events	1,248	-	1,248
Release of restrictions	110,000	(110,000)	-
	<u>2,517,470</u>	<u>(83,699)</u>	<u>2,433,771</u>
EXPENSES			
Program services	<u>1,743,762</u>	<u>-</u>	<u>1,743,762</u>
Supporting services			
General and administration	264,886	-	264,886
Fundraising	<u>277,572</u>	<u>-</u>	<u>277,572</u>
	<u>542,458</u>	<u>-</u>	<u>542,458</u>
	<u>2,286,220</u>	<u>-</u>	<u>2,286,220</u>
CHANGE IN NET ASSETS	231,250	(83,699)	147,551
NET ASSETS, beginning of year	<u>4,298,940</u>	<u>2,327,352</u>	<u>6,626,292</u>
NET ASSETS, end of year	<u>\$ 4,530,190</u>	<u>\$ 2,243,653</u>	<u>\$ 6,773,843</u>

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

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Support			
Regular campaign	\$ 1,690,492	\$ -	\$ 1,690,492
Tamarisk	65,200	-	65,200
General and other contributions	208,688	-	208,688
Change in value of charitable remainder trusts	-	5,517	5,517
Gain on investments, net	41,431	25,460	66,891
Interest and dividend income	52,335	43,814	96,149
Special events	39,234	-	39,234
Release of restrictions	102,465	(102,465)	-
	<u>2,199,845</u>	<u>(27,674)</u>	<u>2,172,171</u>
EXPENSES			
Program services	1,502,695	-	1,502,695
Supporting services			
General and administration	403,267	-	403,267
Fundraising	312,512	-	312,512
	<u>715,779</u>	<u>-</u>	<u>715,779</u>
Total supporting services	715,779	-	715,779
Total expenses	<u>2,218,474</u>	<u>-</u>	<u>2,218,474</u>
CHANGE IN NET ASSETS	(18,629)	(27,674)	(46,303)
NET ASSETS, beginning of year	<u>4,317,569</u>	<u>2,355,026</u>	<u>6,672,595</u>
NET ASSETS, end of year	<u>\$ 4,298,940</u>	<u>\$ 2,327,352</u>	<u>\$ 6,626,292</u>

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

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

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

	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administration	Fundraising		
Advertising and promotion	\$ 10,979	\$ 4,763	\$ 4,969	\$ 9,732	\$ 20,711
Automobile expense	4,452	1,932	2,016	3,948	8,400
Bank and credit card fees	10,515	4,563	4,762	9,325	19,840
Depreciation	18,262	19,223	10,573	29,796	48,058
Employee benefits	61,286	26,393	27,692	54,085	115,371
Federation programs	228,000	-	-	-	228,000
Grants to other organizations	948,915	-	-	-	948,915
Insurance	12,940	5,615	5,859	11,474	24,414
Miscellaneous	372	509	168	677	1,049
Occupancy	52,633	22,805	23,834	46,639	99,272
Office expense	7,352	3,228	3,335	6,563	13,915
Payroll taxes	22,189	9,629	10,048	19,677	41,866
Postage and delivery	4,148	1,751	2,104	3,855	8,003
Printing and publications	1,310	568	593	1,161	2,471
Professional fees	14,166	6,147	6,415	12,562	26,728
Repair and maintenance	11,283	5,711	5,109	10,820	22,103
Salaries	294,397	127,756	133,310	261,066	555,463
Special events and fundraising	-	-	17,211	17,211	17,211
Telephone and fax	7,836	3,380	3,548	6,928	14,764
Travel	6,227	9,413	4,026	13,439	19,666
Uncollectible pledges	26,500	11,500	12,000	23,500	50,000
Total expenses	<u>\$ 1,743,762</u>	<u>\$ 264,886</u>	<u>\$ 277,572</u>	<u>\$ 542,458</u>	<u>\$ 2,286,220</u>

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

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

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

	Supporting Services				Total
	Program Services	General and Administration	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 1,405	\$ 19,987	\$ 618	\$ 20,605	\$ 22,010
Automobile expense	2,060	4,748	2,150	6,898	8,958
Bank and credit card fees	992	-	10,349	10,349	11,341
Depreciation	18,989	19,988	10,994	30,982	49,971
Employee benefits	65,301	23,971	27,210	51,181	116,482
Federation programs	55,392	-	-	-	55,392
Grants to other organizations	919,411	-	-	-	919,411
Insurance	11,903	5,165	5,390	10,555	22,458
Miscellaneous	2,898	-	196	196	3,094
Occupancy	58,090	24,105	26,305	50,410	108,500
Office expense	9,436	5,178	4,273	9,451	18,887
Payroll taxes	22,507	9,767	10,192	19,959	42,466
Postage and delivery	2,304	1,000	1,043	2,043	4,347
Printing and publications	1,783	648	676	1,324	3,107
Professional fees	12,534	5,439	5,676	11,115	23,649
Repair and maintenance	14,674	7,976	6,645	14,621	29,295
Salaries	277,400	158,817	137,753	296,570	573,970
Special events and fundraising	-	-	52,311	52,311	52,311
Telephone and fax	8,861	3,846	4,013	7,859	16,720
Travel	12,645	10,848	4,857	15,705	28,350
Uncollectible pledges	4,110	101,784	1,861	103,645	107,755
	<u>\$ 1,502,695</u>	<u>\$ 403,267</u>	<u>\$ 312,512</u>	<u>\$ 715,779</u>	<u>\$ 2,218,474</u>

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

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 147,551	\$ (46,303)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	48,058	49,971
Gain on investments, net	(637,701)	(66,891)
Change in value of charitable remainder trusts	-	(5,517)
Accrued interest on note payable	834	139
Changes in operating assets and liabilities:		
Pledges receivable, net	184,773	58,268
Prepaid expenses and other assets	34,563	(1,940)
Cash surrender value of life insurance policies	(43)	2,584
Allocation payable - JFNA	44,073	(264,073)
Other allocations payable	86,715	(63,593)
Accrued vacation	15,603	18,681
Other payables	(139)	(181)
 Total adjustments	 (223,264)	 (272,552)
 Net cash used by operating activities	 (75,713)	 (318,855)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	3,676,531	8,203,793
Purchase of investments	(4,429,443)	(8,158,685)
 Net cash provided (used) by investing activities	 (752,912)	 45,108
 CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	-	83,171
 Change in cash and cash equivalents	 (828,625)	 (190,576)
Cash and cash equivalents, beginning of year	1,304,691	1,495,267
Cash and cash equivalents, end of year	\$ 476,066	\$ 1,304,691

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

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Jewish Federation of Palm Springs and Desert Area dba Jewish Federation of the Desert is the central communal organization for the Jewish population in the Coachella Valley and is dedicated to promoting the values and quality of Jewish life. Jewish Federation of the Desert, (the Federation) is committed to fostering a continuity of Jewish life for future generations. The Federation is further committed to the unity of the Jewish people worldwide, the strengthening of the state of Israel, and the helping of Jewish people in need wherever they reside.

Basis of Accounting

The financial statements of the Federation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Tax Exempt Status

The Federation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Federation's tax-exempt purpose may be subject to taxation as unrelated business income.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into cash and have original maturities of three months or less when purchased.

Continued

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Federation maintains accounts at various financial institutions, which at June 30, 2021 and 2020, and periodically throughout each year, were in excess of federally insured limits of \$250,000.

The Federation also maintains investment accounts with Charles Schwab and Fidelity. The accounts contain cash and securities and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation (SIPC), which is \$500,000 for securities and cash (including a limit of \$250,000 for cash only). Accounts held in the same capacity are combined for purposes of the SIPC protection limits. The investment companies maintain insurance to guarantee the Federation's balances in excess of the amounts on deposit or invested.

Pledges Receivable

Unconditional pledges to give are recorded as received. Unconditional pledges to give that are expected to be collected within one year are recorded as current pledges receivable at their net realizable value. Unconditional pledges to give that are expected to be collected in subsequent years are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible pledges receivable at year-end.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Donated Assets

Donated investments, and other noncash donations are recorded as contributions at their fair values at the date of donation.

Continued

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Remainder Trusts

Assets under charitable remainder trust wherein the Federation is not the trustee are recorded as a receivable from charitable remainder trust with donor-restriction and contributions revenue in the period in which the trust is created. The Federation's beneficial interest is measured by the present value of the estimated future distribution expected to be received by the Federation. The accretion of the discount, revaluation of the present value of the estimated future payments to the beneficiaries, and changes in actuarial assumptions are recorded separately in the statement of activities.

Property and Equipment

The Federation capitalizes assets with an expected useful life in excess of one year and value in excess of \$1,000 including additions, improvements, and other capital outlays that significantly extend the useful life of an asset. Property and equipment is recorded in the Federation's operating fund and carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to 39 years.

Allocations Payable

Allocations to the Jewish Federation of North America and other organizations, attributable to the current year campaign and approved by the board of directors prior to the end of the campaign year, are recognized in the current year. Any approved allocations remaining unpaid at year-end are recorded as liabilities.

Donor-Imposed Restrictions

Contributions are generally available without donor restrictions in the year received unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which they are received. Donor-imposed restrictions are considered to be satisfied when a stipulated time restriction ends, or a purpose restriction is accomplished.

Contributions with donor-imposed restrictions that are not satisfied within the reporting period received are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as release of restrictions.

Continued

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional fees, office expenses, insurance, and others, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements.

Date of Management's Evaluation

Management has evaluated subsequent events through February 22, 2022, the date on which the financial statements were issued, see Note 12 and 13.

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1: NEW ACCOUNTING PRONOUNCEMENTS

The Federation adopted the following changes in accounting principle for the years ended June 30, 2021 and 2020:

Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new guidance requires that an entity recognizes revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. Revenue from contributions and investment income are not impacted by this new standard.

The Federation adopted ASU 2014-09 using a full retrospective method effective July 1, 2020. The revenue of the Organization is recorded when earned, as described in the summary of significant accounting policies. The adoption of ASU 2014-09 did not have an impact on the Federation's financial statements.

Clarifying the Scope and Accounting Guidance for Contributions Received and Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution (nonreciprocal) or as an exchange (reciprocal) transaction. The guidance also clarifies whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction.

The Federation adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019. There were no material changes to the recognition of contribution revenue for the year ended June 30, 2020.

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Federation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 476,066	\$ 1,304,691
Pledges receivable, net	294,019	478,792
Investments	<u>6,294,841</u>	<u>4,904,227</u>
Total financial assets	7,064,926	6,687,710
Less those unavailable for general expenditures within one year:		
Cash and cash equivalents – board-designated	23,368	237,414
Cash and cash equivalents – philanthropic	56,891	44,765
Investments – board-designated	1,393,458	973,722
Investments – philanthropic	99,834	100,032
Investments – with donor restrictions	<u>2,243,610</u>	<u>2,327,352</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,247,765</u>	<u>\$ 3,004,425</u>

As part of the Federation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Investments include funds consisting of endowments with donor restrictions to be held in perpetuity and endowments without donor restrictions as determined by the board.

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable expected to be received within one year of June 30:

	<u>2021</u>	<u>2020</u>
2021 Campaign	\$ 270,753	\$ 500
2020 Campaign	31,066	433,892
2019 Campaign	<u>48,100</u>	<u>94,400</u>
	349,919	528,792
Allowance for uncollectible pledges	<u>(55,900)</u>	<u>(50,000)</u>
Pledges receivable, net	<u>\$ 294,019</u>	<u>\$ 478,792</u>

NOTE 4: FAIR VALUE MEASUREMENTS

The Federation determines the fair value of investments and other assets using a framework for measuring fair value, established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy inputs are described below:

- Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

At June 30, 2021 and 2020, all investments were measured at fair value on a recurring basis and were valued at Level 1 inputs (quoted prices in active markets for identical assets). Fair value for investments as of June 30, 2021 and 2020, was \$6,294,841 and \$4,904,227, respectively.

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5: INVESTMENTS

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ -	\$ 100,031
Exchange traded products	4,103,068	2,376,875
Money market – endowment	161,831	51,174
Mutual funds	1,829,942	2,176,147
State of Israel bonds	<u>200,000</u>	<u>200,000</u>
Total investments	<u>\$ 6,294,841</u>	<u>\$ 4,904,227</u>

Gain on investments, net of investment fees consisted of the following for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Realized gain	\$ 4,176	\$ 230,449
Unrealized gain (loss)	<u>633,568</u>	<u>(163,558)</u>
Total gain on investments, net	<u>\$ 637,744</u>	<u>\$ 66,891</u>

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 1,440,356	\$ 1,440,356
Office furniture and equipment	<u>333,054</u>	<u>333,054</u>
	1,773,410	1,773,410
Less accumulated depreciation	<u>(636,419)</u>	<u>(588,360)</u>
	1,136,991	1,185,050
Land	<u>311,100</u>	<u>311,100</u>
Property and equipment, net	<u>\$ 1,448,091</u>	<u>\$ 1,496,150</u>

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7: NOTE PAYABLE

The Federation has a two-year Paycheck Protection Program (PPP) loan dated April 2020, with an original balance of \$83,171. The loan has a fixed interest rate of 1.0%, with repayments, consisting of principal and interest, scheduled to commence after the Small Business Administration (SBA) processes the forgiveness application. The outstanding balance at June 30, 2021 was \$84,144.

PPP loans were offered to qualifying small businesses in order to provide financial assistance during the COVID-19 pandemic and were designed to be used to cover payroll and other qualifying expenses. PPP loans may be partially or fully forgiven by the SBA, provided funds are used to pay for qualifying expenses and in accordance with the program's terms.

Management has elected to recognize this loan in accordance with ASC 470. Under this guidance, funds are to be reflected as debt and will accrue interest until such time as they may be legally released as an obligation to pay by the SBA. In the period of forgiveness, income will be recognized as gain on extinguishment of debt for any principal and accrued interest discharged. The Foundation was notified by the SBA that the loan was forgiven in full in November 2021.

NOTE 8: BOARD-DESIGNATED NET ASSETS

As of June 30, 2021 and 2020, the board of directors designated \$1,416,826 and \$1,211,136, respectively, of net assets without donor restriction as a general endowment fund to support the mission of the Federation. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at June 30:

Subject to expenditures for specified time or purpose:

	2021	2020
Unappropriated endowment earnings	\$ 323,516	\$ 407,258

Endowment funds held in perpetuity and subject to the Federation's endowment spending policy and appropriation as of June 30, 2021 and 2020:

	Fair Market Value at 7/1/19	Increase (Decrease) in Year	Fair Market Value at 6/30/20	Increase (Decrease) in Year	Fair Market Value at 6/30/21	Permanently Original Gift
Auerbach	\$ 124,353	\$ (3,384)	\$ 120,969	\$ (4,633)	\$ 116,336	\$ 100,000
Bresler	94,395	3,614	98,009	1,369	99,378	100,000
Bronstein	126,022	(3,385)	122,637	(4,632)	118,005	100,000
Cohn	91,624	2,993	94,617	(2,867)	91,750	82,800
Fromm	12,227	362	12,589	136	12,725	10,294
Gorelick	126,022	(3,385)	122,637	(4,632)	118,005	100,000
Kitsis	185,957	3,615	189,572	(8,632)	180,940	100,000
Platt	31,920	(1,561)	30,359	342	30,701	25,000
Quint	-	323,167	323,167	4,267	327,434	312,000
Seidenfeld	695,904	(30,117)	665,787	(42,478)	623,309	550,000
Schweid, H.	135,893	(3,385)	132,508	(5,632)	126,876	100,000
Schweid, M.	124,444	(3,385)	121,059	(4,632)	116,427	100,000
Weissman, M.	119,101	(2,384)	116,717	(4,633)	112,084	100,000
Weissman, R.	48,208	(554)	47,654	(1,453)	46,201	40,000
Weissman, S.	132,456	(3,385)	129,071	(5,632)	123,439	100,000
Total	\$ 2,048,526	\$ 278,826	\$ 2,327,352	\$ (83,742)	\$ 2,243,610	\$ 1,920,094

JEWISH FEDERATION OF PALM SPRINGS AND DESERT AREA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10: OPERATING LEASES

The Federation has two noncancelable operating leases, for office equipment, which expire in October 2022 and February 2024. The leases require the Federation to pay all executory costs, such as taxes, maintenance, and insurance. Rental expense for those leases was \$8,312 and \$8,937 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under the operating leases that have remaining terms in excess of one year as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 5,224
2023	3,539
2024	<u>2,065</u>
	<u>\$ 10,828</u>

NOTE 11: RETIREMENT PLAN

The Federation has a 401(k) plan with a 3% safe harbor contribution and a 2% discretionary contribution. Employer contributions to the plan for the years ended June 30, 2021 and 2020 amounted to \$28,780 and \$29,998, respectively.

NOTE 12: UNCERTAINTIES

The ongoing COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity across the nation. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Federation's operations and financial position. The financial impact to the Federation cannot be reasonably estimated at this time.

NOTE 13: SUBSEQUENT EVENTS

In November 2021, the Federation was notified by the SBA that the PPP loan was forgiven in full. The \$84,144 total forgiveness included the original principal and accrued interest.