

**Jewish Federation of Greater Buffalo, Inc.**

**Financial Statements  
As of October 31, 2020  
Together With  
Independent Auditor's Report**

**Jewish Federation of Greater Buffalo, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jewish Federation of Greater Buffalo, Inc.  
Getzville, New York

We have audited the accompanying financial statements of Jewish Federation of Greater Buffalo, Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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 Greater Buffalo, Inc. as of October 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Report on Summarized Comparative Information**

We have previously audited Jewish Federation of Greater Buffalo, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our audit report dated February 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived

*Allied CPAs, P.C.*

Tonawanda, New York  
December 6, 2021

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF OCTOBER 31, 2020 AND 2019**

<b><u>ASSETS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 733,708	\$ 588,038
Annual campaign pledges receivable, net	2,507,894	2,110,641
Prepaid expenses and other assets	233,789	68,543
Investments, at fair value	<u>11,407,772</u>	<u>11,154,464</u>
<b>TOTAL CURRENT ASSETS</b>	14,883,163	13,921,686
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Property and equipment	275,038	270,016
Less: accumulated depreciation	<u>(183,761)</u>	<u>(144,835)</u>
	<u>91,277</u>	<u>125,181</u>
<b>TOTAL ASSETS</b>	<b><u>\$14,974,440</u></b>	<b><u>\$14,046,867</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Allocations payable	\$ 3,046,778	\$ 2,180,307
Accounts payable and accrued expenses	313,261	298,740
Payroll Protection Program loan	<u>192,190</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	3,552,229	2,479,047
<b><u>NET ASSETS</u></b>		
Without donor restrictions	20,160	1,129,291
With donor restrictions	<u>11,402,051</u>	<u>10,438,529</u>
<b>TOTAL NET ASSETS</b>	<u>11,422,211</u>	<u>11,567,820</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$14,974,440</u></b>	<b><u>\$14,046,867</u></b>

The accompanying notes are an integral  
part of these financial statements

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED OCTOBER 31, 2020**  
**(With Comparative Totals for the Year Ended October 31, 2019)**

	<b>2020</b>			<b>2019</b>
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Current year campaign results	\$ 1,910	\$ 2,501,185	\$ 2,503,095	\$ 2,507,221
Net assets released from restrictions	<u>2,083,312</u>	<u>(2,083,312)</u>	<u>-</u>	<u>-</u>
	<u>2,085,222</u>	<u>417,873</u>	<u>2,503,095</u>	<u>2,507,221</u>
Other revenues:				
Investment income	111,399	819,252	930,651	1,368,217
Contributions and bequests	18,375	-	18,375	15,950
Special events	299,597	-	299,597	241,846
Transfer and miscellaneous	215,410	-	215,410	299,051
Net assets released from restrictions	<u>211,360</u>	<u>(211,360)</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER REVENUES</b>	<u>856,141</u>	<u>607,892</u>	<u>1,464,033</u>	<u>1,925,064</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>2,941,363</u>	<u>1,025,765</u>	<u>3,967,128</u>	<u>4,432,285</u>
Allocations to beneficiaries and transfers	2,645,218	-	2,645,218	6,593,794
Bad debt provision	<u>-</u>	<u>62,243</u>	<u>62,243</u>	<u>62,243</u>
<b>NET ALLOCATIONS-BENEFICIARIES, SPECIAL ALLOCATIONS, AND BAD DEBT PROVISION</b>	<u>2,645,218</u>	<u>62,243</u>	<u>2,707,461</u>	<u>6,656,037</u>
<b>EXPENSES</b>				
Program service expense:				
Community programs	1,104,976	-	1,104,976	961,244
Total program expenses	<u>1,104,976</u>	<u>-</u>	<u>1,104,976</u>	<u>961,244</u>
Supporting service expense:				
Management and general	154,452	-	154,452	206,402
Fundraising and development	145,848	-	145,848	254,830
Total supporting service expenses	<u>300,300</u>	<u>-</u>	<u>300,300</u>	<u>461,232</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>1,405,276</u>	<u>-</u>	<u>1,405,276</u>	<u>1,422,476</u>
<b>TOTAL ALLOCATIONS, BAD DEBT PROVISION AND FUNCTIONAL EXPENSES</b>	<u>4,050,494</u>	<u>62,243</u>	<u>4,112,737</u>	<u>8,078,513</u>
<b>CHANGE IN NET ASSETS</b>	(1,109,131)	963,522	(145,609)	(3,646,228)
<b>NET ASSETS, BEGINNING OF YEAR,</b>	<u>1,129,291</u>	<u>10,438,529</u>	<u>11,567,820</u>	<u>15,214,048</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 20,160</u>	<u>\$ 11,402,051</u>	<u>\$ 11,422,211</u>	<u>\$ 11,567,820</u>

The accompanying notes are an integral  
part of these financial statements

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED OCTOBER 31, 2020**  
**(with Comparative Totals for 2019)**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>2020 Total</u>	<u>2019 Total</u>
	<u>Community Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total Supporting Services</u>		
<b>EXPENSES:</b>						
Salaries	\$ 746,342	\$ 63,736	\$ 89,027	\$ 152,763	\$ 899,105	\$ 878,735
Payroll taxes and benefits	169,355	14,462	20,201	34,663	204,018	191,391
Total salaries and related expenses	<u>915,697</u>	<u>78,198</u>	<u>109,228</u>	<u>187,426</u>	<u>1,103,123</u>	<u>1,070,126</u>
Occupancy	54,504	7,102	6,500	13,602	68,106	59,636
Public relations	10,032	-	2,970	2,970	13,002	20,384
Equipment rental and maintenance	42,693	3,645	5,092	8,737	51,430	48,563
Professional fees	21,622	25,086	-	25,086	46,708	45,693
Postage	3,471	-	868	868	4,339	7,728
Supplies	4,871	-	5,718	5,718	10,589	14,435
Staff expense	13,595	949	2,250	3,199	16,794	19,189
Collection expense	7,940	-	7,940	7,940	15,880	13,664
Depreciation	-	38,926	-	38,926	38,926	36,160
Miscellaneous	5,655	-	2,423	2,423	8,078	5,533
Telephone	6,393	546	763	1,309	7,702	5,479
Program expense	13,963	-	-	-	13,963	64,728
Conference and meetings	1,555	-	2,096	2,096	3,651	8,173
National dues	2,985	-	-	-	2,985	2,985
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 1,104,976</u></u>	<u><u>\$ 154,452</u></u>	<u><u>\$ 145,848</u></u>	<u><u>\$ 300,300</u></u>	<u><u>\$ 1,405,276</u></u>	<u><u>\$ 1,422,476</u></u>

The accompanying notes are an integral  
part of these financial statements

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (145,609)	\$(3,646,228)
Adjustments to reconcile changes in net assets to net cash flow from operating activities:		
Depreciation	38,926	36,160
Net realized and unrealized (gains) on investments	(570,267)	(570,267)
Decrease (Increase) in:		
Annual campaign pledges receivable, net	(397,253)	(144,385)
Prepaid expenses and other assets	(165,245)	139,120
Increase (Decrease) in:		
Allocations payable	866,471	376,440
Accounts payable and accrued expenses	14,521	(133,455)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(358,456)</b>	<b>(3,942,615)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(5,022)	(41,828)
Proceeds from sale of investments	316,958	4,093,961
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>311,936</b>	<b>4,052,133</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
PPP loan proceeds	192,190	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>192,190</b>	<b>-</b>
Change in cash and cash equivalents	145,670	109,518
Cash and cash equivalents, beginning	588,038	478,520
Cash and cash equivalents, ending	<b>\$ 733,708</b>	<b>\$ 588,038</b>

The accompanying notes are an integral  
part of these financial statements



**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 1—NATURE OF ACTIVITIES**

Nature of Operations

The Jewish Federation of Greater Buffalo, Inc. (the Federation), is a nonprofit organization which serves as the central coordinating, planning and fundraising body designed to service major Jewish needs and responsibilities locally, nationally and internationally. The Federation also coordinates a variety of local services to help meet various needs of the general community.

The Federation runs an annual United Jewish Fund campaign. The campaign contributions are used for allocations to beneficiaries and services provided directly by the Federation including fundraising, management and general expenses.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Federation prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingencies as the date of the financial statements, and reported amounts of revenues and expenses recognized during the reporting period and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Federation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Federation must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Federation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At times cash may exceed federally insured limits. The Federation has not experienced any losses in such accounts and believes it is not exposed to any significant risk with regards to cash.

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values 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. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Beneficial Interest in Assets

The Federation has investments in pooled funds at the Foundation for Jewish Philanthropies, Inc. (the Foundation) as described in Note 5.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Federation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Federation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furnishings and equipment	5–7 years
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Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. Depreciation expenses for the year ended October 31, 2020 and 2019, was \$38,926 and \$36,160, respectively.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Federation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Federation in various community activities, but these services do not meet the criteria for recognition as contributed services.

Revenue Recognition

The majority of the Organization's revenue is derived from contributions. Contributions are recorded at fair value and are classified as net assets with or without donor restrictions pursuant to any donor-imposed stipulations. The Federation has not adopted a policy for implying time restrictions on contributions of long-lived assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions whose stipulations are met within the same fiscal year are reflected as contributions without donor restrictions in the accompanying statements of activities.

Income Tax Status

The Federation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**NOTE 3—LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of October 31, 2020 and 2019 are:

	<b>2020</b>	<b>2019</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 733,708	\$ 588,038
Pledges receivable	2,507,894	2,110,641
Investments	11,407,772	11,154,464
Total financial assets	14,649,374	13,853,143
Less financial assets held to meet donor-imposed restrictions:		
Net assets with donor restrictions (Note 6)	(11,402,051)	(10,438,529)
Financial assets available to meet general expenditures over the next twelve months	\$ 3,247,323	\$ 3,414,614

The Federation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$390,000). As part of a liquidity plan the Federation has a unsecured \$200,000 bank capital demand line of credit (Note 11).

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 4—PROMISES TO GIVE**

Annual campaign pledges receivable as of October 31, 2020 and October 31, 2019 were as follows, by campaign year:

	<u>2020</u>	<u>2019</u>
2023	\$ 52,794	\$ -
2022	507,715	258,977
2021	854,875	312,381
2020	1,031,303	886,023
2019	468,066	733,699
2018	72,778	327,024
2017 and prior	28,900	162,321
	<u>3,016,431</u>	<u>2,680,425</u>
Less allowance for uncollectible pledges	(508,537)	(569,784)
	<u>\$ 2,507,894</u>	<u>\$ 2,110,641</u>

**NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described below:

- *Level 1* - Inputs to the valuation methodology that consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.
- *Level 2* - Inputs to the valuation methodology which include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices or identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that observable for the asset or liability, and (4) inputs that are corroborated by observable market data by correlation or other means.
- *Level 3* Inputs to the valuation methodology that are unobservable and are significant to the overall fair value measurement.

The asset'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

- *Common and Preferred stocks, corporate bonds and notes, and US government funds, except for the money market mutual fund* – are valued at the daily closing prices as reported by the fund. The mutual funds held are open-end funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The mutual funds held are deemed to be actively traded.
- *Pooled investments held at the Foundation* - are valued at NAV as a practical expedient and are based on the quoted market prices of the underlying investments, less any fees or expenses borne by the fund.

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

•*State of Israel Bonds* - are valued based on their maturity. Mortgage notes and other are valued at their principal balance as of October 31, 2020 and 2019.

•*Money market mutual fund* - is valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund registered with the SEC that generally transacts purchase and sales activity at a stable \$1.00 NAV. On a daily basis the fund's NAV is calculated based on the amortized cost of the underlying investments.

The following tables set forth by level, within the fair value hierarchy, the Federation's investments that are measured at fair value as of October 31, 2020 and 2019, with the exception of the pooled investments which are measured at fair value using the NAV practical expedient. The fair value for these investments is provided below to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position.

The Federation's investments at October 31, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Pooled investments with Foundation for Jewish Philanthropies, Inc. and the Community Foundation for Greater Buffalo	\$ -	\$ -	\$ 8,293,767	\$ 8,293,767
Mortgage notes receivable, interest ranging from 6%-10%, secured by mortgages on related commercial property, varying installments of principal and interest due through 2020	-	94,801	-	94,801
Common and preferred stocks	2,137,533	-	-	2,137,533
Corporate notes and bonds	301,195	-	-	301,195
US Government funds	235,476	-	-	235,476
State of Israel Bonds	-	105,000	-	105,000
Others	-	-	240,000	240,000
	<u>\$ 2,674,204</u>	<u>\$ 199,801</u>	<u>\$ 8,533,767</u>	<u>\$ 11,407,772</u>

**JEWISH FEDERATION OF GREATER BUFFALO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2020 AND 2019**

**NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The Federation's investments at October 31, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
Pooled investments with Foundation for Jewish Philanthropies, Inc. and the Community Foundation for Greater Buffalo	\$ -	\$ -	\$ 7,754,080	\$ 7,754,080
Mortgage notes receivable, interest ranging from 6%-10%, secured by mortgages on related commercial property, varying installments of principal and interest due through 2019	-	32,355	-	32,355
Common and preferred stocks	2,288,632	-	-	2,288,632
Corporate notes and bonds	303,794	-	-	303,794
US Government funds	425,603	-	-	425,603
State of Israel Bonds	-	110,000	-	110,000
Others	-	-	240,000	240,000
	<u>\$ 3,018,029</u>	<u>\$ 142,355</u>	<u>\$ 7,994,080</u>	<u>\$ 11,154,464</u>

The Federation has pooled investments managed by the Philanthropies and the Community Foundation for Greater Buffalo. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to level of risks 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 change could materially affect the financial position of the Federation.

Investment income, net of investment management fees paid to the Foundation of \$77,241 and \$75,121 consisted of the following at October 31:

2020	Interest and dividends	Net realized and unrealized gains	Total
Without donor restrictions, net of fees	\$ (22,949)	\$ 134,348	\$ 111,399
With donor restrictions	552,249	267,003	819,252
	<u>\$ 529,300</u>	<u>\$ 401,351</u>	<u>\$ 930,651</u>

2019	Interest and dividends	Net realized and unrealized gains	Total
Without donor restrictions, net of fees	\$ (1,788)	\$ 308,380	\$ 306,592
With donor restrictions	799,738	261,887	1,061,625
	<u>\$ 797,950</u>	<u>\$ 570,267</u>	<u>\$ 1,368,217</u>

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**NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The following is a summary of the Federation's investments as of October 31, 2020:

	Cost	Unrealized gains	Fair value
Total Investments	\$ 10,775,791	\$ 631,981	\$ 11,407,772

The following is a summary of the Federation's investments as of October 31, 2019:

	Cost	Unrealized gains	Fair value
Total Investments	\$ 10,459,783	\$ 694,681	\$ 11,154,464

**NOTE 6—NET ASSETS**

Net assets with donor restrictions were as follows at October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledges receivable-time restricted	\$ 2,507,894	\$ 2,110,641
Investments in perpetuity which once appropriated are expendable to support the Federation's programs-purpose restricted	8,894,751	8,329,954
Less: unapplied payments and due from other funds	(594)	(2,066)
	<u>\$ 11,402,051</u>	<u>\$ 10,438,529</u>

Net assets released from donor restrictions were as follows at October 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restrictions satisfied by collection of pledges receivable	\$ 2,083,312	\$ 2,226,707
Purpose restriction satisfied by appropriated endowment earnings	211,360	4,365,598
	<u>\$ 2,294,672</u>	<u>\$ 6,592,305</u>

**NOTE 7—ENDOWMENTS**

The Federation's endowments consist of various individual funds, established for a variety of purposes and consisting of donor-restricted endowment funds. New York Prudent Management of Institutional Funds Act (NYPMIFA or the Act), New York's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), governs the management and investment of funds held by not-for-profit corporations and other institutions; accordingly, the Federation classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until the Board of Governors appropriates such amounts for expenditure.

The Board of Governors of the Federation has interpreted NYPMIFA as 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, the Federation 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. The

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**NOTE 7—ENDOWMENTS (Continued)**

Federation has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. At October 31, 2019 and 2018, the endowment funds were not under water.

In accordance with the Act, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Federation and donor- restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Federation
- The investment policies of the Federation

The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the assets against inflation. An additional objective is to maximize total return, in the form of income, capital appreciation or both, consistent with the level of risk taken.

The Federation has a policy for grant distributions, depending on the fiscal need for programs supported by its endowment, provided the value of the fund exceeds the historical basis of the original contribution. When net asset fair value of the fund falls below the historical basis of the original contribution, grant distribution is limited to the actual dividend and interest earned in the year prior.

Beginning in 2011, the Federation updated its policy for grant distributions in compliance with NYPMIFA, to limit distributions to not exceed 5% of each endowment funds' fair market value (averaged over a period of not less than the preceding five years) in any year, excluding the funds which grant distributions are governed by the gift instrument. This is consistent with the Federation's objective to maintain purchasing power and to grow investments in the endowment assets held in perpetuity.

The Federation's changes in endowment net assets were as follows for the years ended October 31:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 8,329,954	\$ 11,671,672
Investment income	819,252	1,061,625
Other changes	(43,095)	(37,745)
Appropriated for expenditure	(211,360)	(4,365,598)
End of year	<u>\$ 8,894,751</u>	<u>\$ 8,329,954</u>



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**NOTE 8—RELATED PARTY TRANSACTIONS**

The Federation is party to certain agreements and transactions in the normal course of business with organizations that are related to the Federation through common board members. Significant activity not disclosed elsewhere is as follows:

**Leasing Arrangement**

The Federation leases their office facility under an operating lease expiring November 1, 2020, with an option to renew on a year to year basis. Rent expense under the agreement amounted to approximately \$50,000 and \$45,000 for the years ended October 31, 2020 and 2019, respectively. The lease was not renewed upon expiration.

**Project Sponsor**

The Federation, as project sponsor and sole member, is committed to supporting future operations of Jewish Federation Housing. The Federation has a commitment balance of \$267,000 to the Kadimah School of Buffalo, Inc., payable from time to time, at the sole discretion of the Federation Board of Governors. Regardless of whether or not the commitment is funded or unfunded the Federation shall allocate the amount of interest income that would be earned on the pledge balance had the full amount been funded, at a rate no lower than 4%, on an annual basis.

**NOTE 9—RETIREMENT PLAN**

The Federation maintained a contributory defined contribution 401(k) profit sharing plan. The Federation contributes 1.5 percent of covered employees' salaries to the plan. Total contributions to the plan for the year ended October 31, 2020 and 2019 were approximately \$3,500 and \$7,000, respectively. On March 15, 2020 the Jewish Federation of Greater Buffalo and the Jewish Community Center terminated their joint 401(K) retirement plan. Federation employees have the option to participate in a SIPMLE IRA with an employer match up to 3%.

**NOTE 10—EMPLOYMENT AGREEMENT**

The Federation has an agreement with its executive director through July 31, 2020 with a second five year term option through July 31, 2025 calling for minimum cumulative compensation during the initial period through 2020 of approximately \$525,000, including specific benefits and expense reimbursement as described in the agreement.

**NOTE 11—LINE OF CREDIT**

The Federation has available an unsecured \$200,00 bank capital demand line of credit, with interest payable at prime subject to annual review and renewal. There were no amounts outstanding at October 31, 2020 and 2019

**NOTE 12—PAYCHECK PROTECTION PROGRAM LOAN**

The Organization entered into a Promissory Note in an aggregate principal amount of \$192,190 (the "Note"), pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Note matures two years from the disbursement date and bears interest at a rate of 1.00% per annum, with the first six months of payments deferred. Following the initial six month period, principal and interest are payable monthly, and may be prepaid at any time prior to maturity with no prepayment penalties. Under the terms of the CARES Act, recipients of the PPP loan can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. The Note is subject to forgiveness to the extent the proceeds are used for payroll costs and payments on mortgage interest, rent, utilities, and interest on other debt obligations. The Federation received full forgiveness of the loan subsequent to year end.

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**NOTE 13—EVALUATION OF SUBSEQUENT EVENTS**

The Federation has evaluated subsequent events through December 6, 2021, the date which the financial statements were available to be issued. Subsequent to October 31, 2020 local, U.S. and world governments have encouraged self-isolation to curtail the spread of the coronavirus disease (Covid-19) pandemic, by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. In addition, global markets have seen significant declines. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial or other impacts to the Federation, there is a reasonable possibility that the impact on the Federation's financial position and results of future operations could be material.