

# Milwaukee Jewish Federation, Inc.

Milwaukee, Wisconsin

Consolidated Financial Statements

Years Ended June 30, 2019 and 2018



**MILWAUKEE**  
JEWISH FEDERATION

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants

# Milwaukee Jewish Federation, Inc.

Years Ended June 30, 2019 and 2018

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## **Independent Auditor's Report**

Board of Directors  
Milwaukee Jewish Federation, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying consolidated financial statements of Milwaukee Jewish Federation, Inc., which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Jewish Federation, Inc. as of June 30, 2019 and 2018, 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.



***Emphasis of Matter***

As discussed in Note 1 to the financial statements, Milwaukee Jewish Federation, Inc. adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statement of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis to the 2018 financial statements with the exception of the omission of certain information as permitted by the ASU.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

November 18, 2019

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Financial Position

June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 9,510,965	\$ 8,420,154
Current portion of promises to give	1,968,542	2,239,390
Current portion of accounts and notes receivable	333,588	220,218
Prepaid expenses	205,978	219,568
<b>Total current assets</b>	<b>12,019,073</b>	<b>11,099,330</b>
Long-term assets:		
Investments	179,670,374	180,110,170
Property and equipment - Net	32,403,305	34,129,212
Promises to give - Net, less current portion	977,811	44,800
Accounts and notes receivable - Net, less current portion	3,470,398	3,560,943
Donated real estate held for sale	1,943,500	1,943,500
Donated works of art held for sale	233,309	247,389
Other assets	3,144,647	3,172,472
<b>Total long-term assets</b>	<b>221,843,344</b>	<b>223,208,486</b>
<b>TOTAL ASSETS</b>	<b>\$ 233,862,417</b>	<b>\$ 234,307,816</b>

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Financial Position (Continued)

June 30, 2019 and 2018

Liabilities and Net Assets	2019	2018
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,743,614	\$ 2,088,860
Community allocations payable	4,068,379	4,120,649
Current maturities of long-term debt	124,537	193,133
Interest rate swap	-	284,186
Current portion of capital lease obligation	3,772	3,772
Current liability for trusts and gift annuities	376,650	376,650
<b>Total current liabilities</b>	<b>6,316,952</b>	<b>7,067,250</b>
Long-term liabilities:		
Long-term debt, less current maturities - Net	58,801,421	58,892,401
Capital lease obligation, less current portion	4,714	8,800
Liability for trusts and gift annuities, less current portion	3,045,811	3,150,392
Passport to Israel	357,923	361,348
Interest rate swaps	840,080	88,852
Deferred income taxes	124,000	83,000
Post-retirement benefit liability	3,500	31,000
Agency endowment funds	26,214,959	27,269,233
Assets held on behalf of cemetery	4,208,020	3,966,548
<b>Total long-term liabilities</b>	<b>93,600,428</b>	<b>93,851,574</b>
<b>Total liabilities</b>	<b>99,917,380</b>	<b>100,918,824</b>
Net assets:		
Without donor restrictions	87,118,385	90,033,950
With donor restrictions	46,826,652	43,355,042
<b>Total net assets</b>	<b>133,945,037</b>	<b>133,388,992</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 233,862,417</b>	<b>\$ 234,307,816</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Campaign support:			
Annual and capital campaign support	\$ 7,749,827	\$ -	\$ 7,749,827
Campaign payments from fund transfers	(2,992,033)	-	(2,992,033)
<b>Total campaign support</b>	<b>4,757,794</b>	<b>-</b>	<b>4,757,794</b>
Other contribution support	8,973,889	3,899,677	12,873,566
Investment income - Net	4,545,050	1,639,556	6,184,606
Rental income	3,627,140	-	3,627,140
Programs and events revenue	257,867	-	257,867
Other income (loss)	1,341,573	(172,145)	1,169,428
Net assets released from restrictions	1,895,478	(1,895,478)	-
<b>Total support and revenue</b>	<b>25,398,791</b>	<b>3,471,610</b>	<b>28,870,401</b>
Expenses:			
Program:			
Allocations to local agencies	2,697,801	-	2,697,801
Allocations to national agencies	245,273	-	245,273
Allocations to Israel and overseas	1,139,973	-	1,139,973
Grants	10,241,005	-	10,241,005
Milwaukee programs	9,922,715	-	9,922,715
Scholarships and awards	500,000	-	500,000
Supporting services:			
Administration and planning	1,249,210	-	1,249,210
Fundraising	1,851,337	-	1,851,337
<b>Total expenses</b>	<b>27,847,314</b>	<b>-</b>	<b>27,847,314</b>
Change in net assets before change in value of interest rate swaps	(2,448,523)	3,471,610	1,023,087
Change in value of interest rate swaps	(467,042)	-	(467,042)
<b>Total change in net assets</b>	<b>(2,915,565)</b>	<b>3,471,610</b>	<b>556,045</b>
Net assets at beginning of year	90,033,950	43,355,042	133,388,992
<b>Net assets at end of year</b>	<b>\$ 87,118,385</b>	<b>\$ 46,826,652</b>	<b>\$ 133,945,037</b>

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Activities (Continued)

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Campaign support:			
Annual and capital campaign support	\$ 5,321,468	\$ -	\$ 5,321,468
Campaign payments from fund transfers	(2,003,075)	-	(2,003,075)
Total campaign support	3,318,393	-	3,318,393
Other contribution support	7,310,643	3,618,158	10,928,801
Investment income - Net	9,090,126	403,506	9,493,632
Rental income	3,533,364	-	3,533,364
Programs and events revenue	245,788	-	245,788
Other income (loss)	1,283,586	(155,816)	1,127,770
Impairment loss on artwork held for sale	(2,226,503)	-	(2,226,503)
Net assets released from restrictions	2,203,675	(2,203,675)	-
Total support and revenue	24,759,072	1,662,173	26,421,245
Expenses:			
Program:			
Allocations to local agencies	2,748,405	-	2,748,405
Allocations to national agencies	199,046	-	199,046
Allocations to Israel and overseas	1,235,050	-	1,235,050
Grants	9,112,748	-	9,112,748
Milwaukee programs	10,689,504	-	10,689,504
Scholarships and awards	581,650	-	581,650
Supporting services:			
Administration and planning	1,233,291	-	1,233,291
Fundraising	1,844,131	-	1,844,131
Total expenses	27,643,825	-	27,643,825
Change in net assets before change in value of interest rate swaps	(2,884,753)	1,662,173	(1,222,580)
Change in value of interest rate swaps	1,847,065	-	1,847,065
Total change in net assets	(1,037,688)	1,662,173	624,485
Net assets at beginning of year	91,071,638	41,692,869	132,764,507
Net assets at end of year	\$ 90,033,950	\$ 43,355,042	\$ 133,388,992

See accompanying notes to consolidated financial statements.



# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 556,045	\$ 624,485
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions designated for permanent endowment	(1,036,564)	(1,032,206)
Bad debt recoveries	(6,269)	(21,691)
Depreciation and amortization	1,884,330	2,107,129
Loss on disposal of property and equipment	52,598	13,928
Net realized and unrealized gains on investments	(3,571,438)	(6,635,545)
Impairment loss on donated works of art held for sale	-	2,226,503
Amortization of debt issuance costs	33,556	34,322
Change in value of interest rate swaps	467,042	(1,847,065)
Change in value of trusts and gift annuities	342,253	314,787
Deferred tax provision	26,000	(18,000)
Changes in operating assets and liabilities:		
Promises to give	(654,163)	1,011,492
Accounts and notes receivable	(24,556)	4,517,396
Prepaid expenses	13,590	(35,066)
Accounts payable and accrued expenses	(330,246)	124,015
Community allocations payable	(52,270)	232,534
Passport to Israel	(3,425)	(83,069)
Post-retirement benefit liability	(27,500)	-
Agency endowment funds	(1,054,274)	2,584,645
Assets held on behalf of cemetery	241,472	303,700
<b>Net cash (used in) provided by operating activities</b>	<b>(3,143,819)</b>	<b>4,422,294</b>
Cash flows from investing activities:		
Purchases of property and equipment	(211,021)	(126,045)
Purchase of investments	(89,032,633)	(105,057,553)
Proceeds from sales of investments	93,043,867	97,078,106
Proceeds from sales of donated works of art held for sale	14,080	-
Increase in partnership interests	-	(131,781)
Increase in cash surrender value of life insurance	30,881	(31,067)
Increase in reserve and replacement funds for HUD properties	(3,056)	(71,565)
<b>Net cash provided by (used in) investing activities</b>	<b>3,842,118</b>	<b>(8,339,905)</b>

**Milwaukee Jewish Federation, Inc.**  
**Consolidated Statements of Cash Flows (Continued)**  
Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents (Continued):		
Cash flows from financing activities:		
Contributions designated for permanent endowment	\$ 1,036,564	\$ 1,032,206
Payments to trust beneficiaries	(446,834)	(443,580)
Repayment on long-term debt	(193,132)	(128,470)
Principal payments under capital lease obligation	(4,086)	(3,457)
Net cash provided by financing activities	392,512	456,699
Net increase (decrease) in cash and cash equivalents	1,090,811	(3,460,912)
Cash and cash equivalents at beginning of year	8,420,154	11,881,066
Cash and cash equivalents at end of year	\$ 9,510,965	\$ 8,420,154
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 1,990,759	\$ 2,483,966
Cash paid for income taxes	\$ 82,199	\$ 151,520
<b>Noncash investing activities:</b>		
Property additions included in accounts payable	\$ -	\$ 24,515

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Functional Expenses

Year Ended June 30, 2019

	Supporting Services		Program		Total
	Administration Planning	Fundraising	Local Allocations Grants, Programs, and Awards	Israel, Overseas, and National Charities Allocations and Grants	
Allocations	\$ -	\$ -	\$ 2,697,801	\$ 1,385,246	\$ 4,083,047
Grants	-	-	7,710,470	2,530,535	10,241,005
Interest and related fees	-	-	1,960,282	-	1,960,282
Bad debt expense (recoveries)	-	(8,000)	1,731	-	(6,269)
Miscellaneous	1,839	4,214	398,939	-	404,992
Professional services	14,274	183,038	361,133	-	558,445
Buildings/Cemetery operations	-	-	2,397,910	-	2,397,910
Newspaper	-	-	62,086	-	62,086
Salaries and benefits	1,058,633	1,341,484	1,448,110	-	3,848,227
Marketing and communications	2,596	11,394	79,626	-	93,616
Office operations	40,479	101,992	266,347	-	408,818
Occupancy and insurance	64,775	83,554	812,996	-	961,325
Information systems administration	52,281	34,424	34,281	-	120,986
Professional development	4,717	27,042	52,630	-	84,389
Programs and events	9,616	72,195	162,314	-	244,125
Scholarships and awards	-	-	500,000	-	500,000
Depreciation and amortization	-	-	1,884,330	-	1,884,330
<b>Total expenses</b>	<b>\$ 1,249,210</b>	<b>\$ 1,851,337</b>	<b>\$ 20,830,986</b>	<b>\$ 3,915,781</b>	<b>\$ 27,847,314</b>

**Milwaukee Jewish Federation, Inc.**  
**Consolidated Statements of Functional Expenses (Continued)**  
Year Ended June 30, 2018

	Supporting Services		Program		Total
	Administration Planning	Fundraising	Local Allocations Grants, Programs, and Awards	Israel, Overseas, and National Charities Allocations and Grants	
Allocations	\$ -	\$ -	\$ 2,748,405	\$ 1,434,096	\$ 4,182,501
Grants	-	-	6,857,587	2,255,161	9,112,748
Interest and related fees	-	-	2,536,049	-	2,536,049
Bad debt recoveries	(22,488)	(15,650)	-	-	(38,138)
Miscellaneous	10,804	465	250,463	-	261,732
Professional services	46,251	153,204	397,341	-	596,796
Buildings/Cemetery operations	-	-	2,189,067	-	2,189,067
Newspaper	-	-	62,908	-	62,908
Salaries and benefits	1,049,337	1,362,277	1,403,152	-	3,814,766
Marketing and communications	5,155	19,644	70,650	-	95,449
Office operations	38,895	99,235	231,663	-	369,793
Occupancy and insurance	54,707	77,336	1,261,749	-	1,393,792
Information systems administration	36,909	35,531	35,407	-	107,847
Professional development	5,212	60,055	31,154	-	96,421
Programs and events	8,509	52,034	112,772	-	173,315
Scholarships and awards	-	-	581,650	-	581,650
Depreciation and amortization	-	-	2,107,129	-	2,107,129
<b>Total expenses</b>	<b>\$ 1,233,291</b>	<b>\$ 1,844,131</b>	<b>\$ 20,877,146</b>	<b>\$ 3,689,257</b>	<b>\$ 27,643,825</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

Milwaukee Jewish Federation, Inc. is a nonprofit organization whose mission, through the development of community-wide financial support, planning, and allocations, is to ensure the continuity of the Jewish people, to enhance the quality of Jewish life, and to build a strong and unified Jewish community in Milwaukee, in Israel, and throughout the world.

#### Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Milwaukee Jewish Federation, Inc.; three corporations, MJF Housing No. 2, Inc., and MJF Housing No. 3, Inc., organized to own and operate housing under Section 202 of the National Housing Act, and MJF Golda Meir Housing, Inc., organized to own and operate housing under Section 207 pursuant to Section 223(f) of the National Housing Act, regulated by the U.S. Department of Housing and Urban Development (“HUD”); and six charitable trusts (collectively the “Federation”). All material intercompany balances and transactions have been eliminated in the consolidation.

#### Basis of Presentation

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

#### Classification of Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Federation and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

***Net Assets with Donor Restrictions*** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Use of Estimates

The preparation of the accompanying consolidated financial statements in accordance with GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Cash and Cash Equivalents**

The Federation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### **Investments and Investment Income**

Investments are recorded at fair value. Donated investments are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received. The Federation records the change in ownership of bonds and stocks on the day a trade is made.

Investment income (including realized and unrealized gains and losses, interest, and dividends) is reported in revenue without or with donor restrictions based on donor designation, law, or appropriations approved by the Board of Directors. Investment expenses, including internal investment expenses, if any, are netted with investment return on the consolidated statements of activities.

#### **Fair Value Measurements**

Fair value is the price that would be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Promises to Give**

Promises to give are recorded as receivables in the year pledged. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received. Promises to give whose ultimate purpose has been met in the current period but the cash has not been received are recorded as net assets without donor restrictions.

Management individually reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by collection reserves that reflect management's estimate of uncollectible amounts.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Promises to Give (Continued)

Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on promises to give is computed using a 2% rate for the years ended June 30, 2019 and 2018. The amortization of the discount is recognized as contribution income over the duration of the promise.

#### Accounts and Notes Receivable and Credit Policy

Accounts receivable are uncollateralized obligations due on normal trade terms and are stated at the amount management expects to collect from outstanding balances. Payments of accounts receivable are applied to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Notes receivable includes an amount lent to an area business by a donor who endorsed the note to the Federation in January 2012. The note is due in annual interest-only payments of \$1,170, with a final payment of principal and interest due January 29, 2021.

Notes receivable also includes a \$3,000,000 loan agreement with the Harry & Rose Samson Family Jewish Community Center (the "JCC").

Management individually reviews all past due accounts and notes receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts and notes receivable is reduced by an allowance that reflects management's estimate of uncollectible amounts.

#### Property and Equipment

Property and equipment acquisitions are recorded at cost. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements that do not prolong the useful lives of assets are expensed as incurred. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Useful lives range from 3 to 30 years for equipment and 10 to 45 years for buildings.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Donated Works of Art Held for Sale**

The Federation receives gifts of artwork which do not meet the criteria to be defined as a collection as the artwork is not held for public exhibition, education, or research. The gifts of artwork are recorded at fair value on the date the gifts are received. The fair value of the artwork is typically based on appraisals. The artwork is generally marketed for sale immediately. The donated artwork held for sale is not depreciated; instead it is reviewed periodically for impairment, with the carrying value of the artwork adjusted for any impairment losses. The Federation recognized an impairment loss of \$2,226,503 for the year ended June 30, 2018. Management determined that no impairment loss was required to be recorded for the year ended June 30, 2019.

#### **Donated Real Estate Held for Sale**

The Federation receives gifts of real estate, which are recorded at fair value on the date the gifts are received. The fair value of the property is typically based on appraisals. These assets are generally marketed for sale immediately. The donated real estate held for sale is not depreciated; instead it is reviewed periodically for impairment, with the carrying value of the property adjusted for any impairment losses. No impairment losses were recorded in 2019 and 2018.

#### **Reserve and Replacement Funds for HUD Properties**

A replacement reserve is funded monthly and is held by the Federation. With HUD's approval, these funds may be used for the replacement of property or other operating expenses.

A reserve fund is maintained in a separate trust fund. The escrow exists to cover any shortfalls in cash available to make interest payments due on the revenue bonds underlying the Federation's HUD coinsured mortgage.

Both the reserve and replacement funds are included with other assets in the accompanying consolidated statements of financial position.

#### **Community Allocations Payable**

Community allocations payable represent grants and allotments that are generally approved by the Board of Directors in June and paid the following fiscal year. Total cash paid for community allocations during the years ended June 30, 2019 and 2018 was \$4,135,317 and \$3,949,967, respectively.



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Liability For Trusts and Gift Annuities**

Liability for trusts and gift annuities represents an obligation for the actuarial present value of future payments to beneficiaries under charitable trusts and gift annuities irrevocably naming the Federation or local Jewish agencies as final recipient of trust assets. In addition, this liability includes the assets of revocable charitable trusts. The present value of the estimated future liabilities was calculated using rates between 5.25% and 8.00% and applicable mortality tables. Assets held in trusts and gift annuities totaled \$6,820,881 and \$6,790,850 at June 30, 2019 and 2018, respectively, and are included in investments in the accompanying consolidated statements of financial position.

#### **Passport to Israel**

Passport to Israel is a program used to encourage donors to send their children to Israel. Donor contributions are matched by the donor's synagogue and the Federation. These funds are held by the Federation on behalf of the donors and are invested in the Federation's fixed pool investments with the capital appreciation added to the donor's account. Expenses incurred on the child's trip to Israel may be reimbursed from this account.

#### **Interest Rate Swaps**

The Federation uses interest rate swaps to manage its risk related to interest rate movements. The Federation's risk management strategy is to stabilize cash flow variability on its variable rate debt with interest rate swaps. At the inception of the swap agreements, the Federation documented its risk management strategy and assessed the interest rate swaps' effectiveness at producing offsetting cash flows. The interest rate swaps have been deemed effective in achieving their objectives and have been designated as cash flow hedges.

The interest rate swaps are reported at fair value in the accompanying consolidated statements of financial position.

#### **Agency Endowment Funds**

The Federation recognizes a liability when it receives a transfer of assets and the resource provider (i.e. a not-for-profit organization) specifies itself or an affiliate as the beneficiary. The Federation, when accepting cash or other financial assets from a not-for-profit organization, recognizes the fair value of those assets as a liability to the specified beneficiary (generally the same not-for-profit organization) concurrent with recognition of the assets received from the not-for-profit organization if the Federation agrees to any of the following: (1) use of those assets on behalf of the not-for-profit organization, (2) transfer of those assets to the not-for-profit organization, (3) use of the return on those assets to benefit the not-for-profit organization, or (4) application of any of the above to an unaffiliated specified beneficiary determined by the not-for-profit organization.

When a third-party donor explicitly grants the Federation variance power, the Federation will recognize the fair value of any assets it receives as a contribution.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Assets Held on Behalf of Cemetery**

Cemetery property and equipment and an investment portfolio intended to satisfy cemetery operating expenses were transferred to the Federation in 1988. The assets are included in the Federation's investments and property and equipment; cemetery payables are included in the Federation's accounts payable and accrued expenses in the accompanying consolidated statements of financial position. The excess of cemetery assets over liabilities is recorded as a long-term liability in the accompanying consolidated statements of financial position as the entire transfer is revocable upon 60 days-notice to or from the Federation.

#### **Post-Retirement Benefit Liability**

The post-retirement benefit liability consists of deferred compensation for three retired employees.

#### **Campaign Payments From Fund Transfers**

Donors may recommend transfers to various campaigns from established donor advised funds. The Federation presents these transfers as a reduction in annual and capital campaign support in the accompanying consolidated statements of activities.

#### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets to the Federation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift was deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated 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 reported in the accompanying consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Facilities and related costs are allocated based upon square footage occupied. Human resources personnel costs are allocated based on the number of employees. Fiscal and accounting-related costs are allocated based on the number of transactions. Program-related costs are allocated based on relevant activity measures, such as the number of meals served or number of participants. Expenses that can be identified with a specific activity are allocated directly according to their natural expenditure classification.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Tax Status

The Milwaukee Jewish Federation, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Milwaukee Jewish Federation, Inc. is also exempt from state income taxes on related income. All other entities consolidated in these financial statements have been classified as disregarded entities or tax-exempt organizations under the Code, with the exception of MJF Golda Meir Housing, Inc.

MJF Golda Meir Housing, Inc. is classified as a for-profit corporation. MJF Golda Meir Housing, Inc. accounts for income taxes pursuant to the asset and liability method. Accordingly, the current or deferred tax consequences of a transaction are measured by applying the provision of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred income taxes are provided for temporary differences between the income tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

The Federation recognizes the benefits of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The Federation recorded no assets or liabilities related to uncertain tax positions.

#### Subsequent Events

Subsequent events have been evaluated through November 18, 2019, which is the date the consolidated financial statements were available to be issued.

#### Change in Accounting Policy

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance in this ASU was adopted by the Federation for the year ended June 30, 2019 and was applied retrospectively to the 2018 financial statements, with the exception of certain omissions permitted by the ASU.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for the Federation's year ended June 30, 2020. The Federation is currently evaluating the impact of the provisions of ASU No. 2014-09.

On June 21, 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 amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the Federation serves as the resource recipient, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. Early application of the amendments in this update is permitted. The Federation is currently evaluating the impact of the provisions of ASU No. 2018-08.

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for the Federation's year ended June 30, 2022, with early adoption permitted. ASU No. 2016-02 must be applied retrospectively. The Federation is currently evaluating the impact of the provisions of ASU No. 2016-02.

In 2016, the FASB issued ASU No. 2016-18, *Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update are effective for the Federation's year ended June 30, 2020. The Federation is currently evaluating the impact of the provisions of ASU No. 2016-18.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 2: Cash and Cash Equivalents

Cash and cash equivalents consist of the following

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Checking accounts and petty cash	\$ 3,060,792	\$ 2,602,382
Cash held by bond trustee	116,496	120,057
Cash equivalents held by investment managers	6,333,677	5,697,715
Total cash and cash equivalents	\$ 9,510,965	\$ 8,420,154

Cash held by bond trustee is utilized to pay one month of interest on the tax-exempt bonds (see Note 9). Cash held by investment managers is held on behalf of donors to the Jewish Community Foundation, an affiliated entity within the Federation. These two cash sources cannot be used for the general operations of the Federation.

### Note 3: Promises to Give

Promises to give consist of the following:

<i>As of June 30, 2019</i>	<b>Gross Promises to Give</b>	<b>Collection Reserves</b>	<b>Unamortized Discount</b>	<b>Net Promises to Give</b>
Annual campaigns	\$ 3,433,186	\$ (447,294)	\$ (39,539)	\$ 2,946,353
Community capital campaign	1,000	(1,000)	-	-
Other campaigns	1,860	(1,860)	-	-
Totals	\$ 3,436,046	\$ (450,154)	\$ (39,539)	\$ 2,946,353

<i>As of June 30, 2018</i>	<b>Gross Promises to Give</b>	<b>Collection Reserves</b>	<b>Unamortized Discount</b>	<b>Net Promises to Give</b>
Annual campaigns	\$ 2,771,772	\$ (486,314)	\$ (1,268)	\$ 2,284,190
Community capital campaign	1,000	(1,000)	-	-
Other campaigns	1,860	(1,860)	-	-
Totals	\$ 2,774,632	\$ (489,174)	\$ (1,268)	\$ 2,284,190

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 3: Promises to Give (Continued)

Promises to give are expected to be collected as follows:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Less than one year	\$ 2,418,696	\$ 2,728,563
One to five years	1,017,350	46,069
Gross promises to give	3,436,046	2,774,632
Less:		
Unamortized discount	(39,539)	(1,268)
Collection reserves	(450,154)	(489,174)
Promises to give - Net	2,946,353	2,284,190
Less: Current portion	(1,968,542)	(2,239,390)
Promises to give - Net, less current portion	\$ 977,811	\$ 44,800

### Note 4: Accounts and Notes Receivable

Accounts receivable and notes receivable include the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Receivable from charitable trust	\$ 347,849	\$ 353,326
Loans to Jewish Community Center	3,000,000	3,000,000
Bequests receivable	196,971	235,851
Note receivable	40,523	67,543
Chronicle advertising sales receivable	25,066	25,740
Rent receivable	22,698	19,055
Other receivables	183,923	103,493
Gross accounts and notes receivable	3,817,030	3,805,008
Less: Allowance for doubtful accounts	(13,044)	(23,847)
Total accounts and notes receivable - Net	3,803,986	3,781,161
Less: Current portion	(333,588)	(220,218)
Accounts and notes receivable - Net, less current portion	\$ 3,470,398	\$ 3,560,943

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 4: Accounts and Notes Receivable (Continued)

The Federation loaned \$2,400,000 in June 2005 and \$600,000 in October 2007 to the JCC to finance certain capital improvements. The loan agreements bear interest on the unpaid principal balance at the same rates per annum paid by the Federation on their tax-exempt bonds (2.32% at June 30, 2019, see Note 9). The loan agreements mature September 1, 2035 and are subject to mandatory prepayment of principal immediately upon payment of principal by the Federation on their tax-exempt bonds. The JCC is required to maintain funds held in the Federation's investments, at an assessed level deemed appropriate by the Federation, in order for the JCC to adequately discharge their loans when due. The balance in the JCC's capital reserve account at June 30, 2019 and 2018 totaled \$1,722,239 and \$1,741,553, respectively.

### Note 5: Investments

Investments include the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
State of Israel bonds	\$ 1,666,800	\$ 1,670,800
Corporate, U.S. government, and municipal bonds	9,665,660	10,016,570
Common and preferred stock	13,408,638	13,198,283
Mutual funds	94,491,858	96,499,602
Alternative investments	60,437,418	58,724,915
<b>Total investments</b>	<b>\$ 179,670,374</b>	<b>\$ 180,110,170</b>

Investment income was as follows:

<i>Years Ended June 30,</i>	<b>2019</b>	<b>2018</b>
Interest income	\$ 1,398,148	\$ 1,820,829
Dividend income	1,876,128	1,742,696
Unrealized gains	2,181,007	5,262,059
Realized gains	1,390,431	1,373,486
Management and advisor fees	(661,108)	(705,438)
<b>Total investment income - Net</b>	<b>\$ 6,184,606</b>	<b>\$ 9,493,632</b>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 6: Property and Equipment

Property and equipment consists of the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Land	\$ 3,300,575	\$ 3,300,576
Buildings	58,169,031	58,134,245
Equipment	7,526,070	7,486,018
Construction in progress	-	8,374
<b>Total property and equipment</b>	<b>68,995,676</b>	<b>68,929,213</b>
Accumulated depreciation	(36,592,371)	(34,800,001)
<b>Property and equipment - Net</b>	<b>\$ 32,403,305</b>	<b>\$ 34,129,212</b>

### Note 7: Other Assets

Other assets consist of the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Partnership interests	\$ 308,416	\$ 308,416
Cash surrender value of life insurance policies	1,727,184	1,758,065
Reserve and replacement funds	1,109,047	1,105,991
<b>Total other assets</b>	<b>\$ 3,144,647</b>	<b>\$ 3,172,472</b>

### Note 8: Capital Lease

During 2017, the Federation entered into a lease agreement for office equipment. The lease is classified as a capital lease. The lease requires monthly payments of \$544 and terminates in September 2021. Assets held under the capital lease obligation are included in property and equipment in the accompanying consolidated statements of financial position as follows:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Office equipment	\$ 19,801	\$ 19,801
Less: Accumulated amortization	(11,315)	(7,543)
<b>Assets held under capital lease obligation, net of accumulated amortization</b>	<b>\$ 8,486</b>	<b>\$ 12,258</b>

Lease amortization is included in depreciation and amortization expense in the accompanying consolidated statements of functional expenses.



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 8: Capital Lease (Continued)

Future minimum payments, by year and in the aggregate, under the capital lease consists of the following:

<i>Years Ending June 30,</i>			
2020	\$	4,426	
2021		4,426	
2022		1,107	
Total minimum lease payments		9,959	
Less - Amount representing interest		(1,473)	
Present value of future minimum lease payments		8,486	
Less - Current portion		(3,772)	
Capital lease obligation, net of current portion	\$	4,714	

### Note 9: Long-Term Debt

#### Demand Revenue Bonds

In December 2012, the Federation issued \$54,340,000 in tax-exempt variable rate demand revenue bonds (the "Series O-1 Bonds") through the Colorado Educational and Cultural Facilities Authority as part of the National Jewish Federation Bond Program. Interest expense on the Series O-1 Bonds is based on the Daily Rate, equal to 80% of 1 month LIBOR plus 57 basis points, is reset daily, and is payable monthly.

At June 30, 2019 and 2018, \$116,496 and \$120,057, respectively, of cash was held by the bond trustee for payment of interest on the tax-exempt bonds (see Note 2).

Wells Fargo is the Trustee and U.S. Bank is the Initial Holder of the Series O-1 Bonds. The bonds are unsecured. Terms of the bond agreement require the Federation to meet semi-annual liquidity covenants measured as of June 30 and December 31.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 9: Long-Term Debt (Continued)

Long-term debt consists of the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Series O-1 Bonds, \$48,715,000 of principal maturing in September 2035 and \$5,625,000 of principal maturing in November 2037; interest rate of 2.32% at June 30, 2019	\$ 54,340,000	\$ 54,340,000
HUD-insured 2.50% Mortgage Note, with monthly principal and interest payments of \$20,992 through February 2048; secured by rental property and assignment of rents.	5,151,550	5,273,015
Term loan, monthly principal payments of \$833 plus interest at 3.30%. Paid in full in 2019.	-	71,667
Total long-term debt	59,491,550	59,684,682
Less:		
Unamortized debt issuance costs	(565,592)	(599,148)
Current maturities	(124,537)	(193,133)
Long-term portion	\$ 58,801,421	\$ 58,892,401

Debt issuance costs related to the issuance of long-term debt are amortized using the straight-line method over the life of the debt and are included in interest expense. Interest expense for the years ended June 30, 2019 and 2018, was \$1,894,218 and \$2,469,781, respectively.

### Required Payments of Principal

Scheduled principal payments on long-term debt at June 30, 2019, including current maturities, are summarized as follows:

<i>Years Ending June 30,</i>	<b>Series O-1 Bonds</b>	<b>Mortgage Note</b>	<b>Total</b>
2020	\$ -	\$ 124,537	\$ 124,537
2021	-	127,687	127,687
2022	-	130,916	130,916
2023	-	134,226	134,226
2024	-	137,621	137,621
Thereafter	54,340,000	4,496,563	58,836,563
Totals	\$ 54,340,000	\$ 5,151,550	\$ 59,491,550

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 10: Interest Rate Swaps

As disclosed in Note 9, the Series O-1 Bonds totaling \$54,340,000 bear interest at variable rates. To minimize the effect of changes in the market, the Federation entered into an interest rate swap agreement which is dated September 8, 2008, and two additional interest rate swap agreements dated December 3, 2012.

The first interest rate swap expired October 1, 2018, and hedged a notional amount of \$54,340,000. Under this agreement the Federation paid U.S. Bank a fixed rate of 3.065% and received 70% of the London Interbank Offering Rate (LIBOR).

The second interest rate swap expired October 1, 2018, and hedged a notional amount of \$27,170,000. Under this agreement, the Federation paid U.S. Bank a floating rate of 70% of LIBOR and received a fixed rate of 0.5322%.

The third interest rate swap became effective October 1, 2018, expires October 3, 2022, and hedges a notional amount of \$27,170,000. Under this agreement, the Federation pays U.S. Bank a fixed rate of 2.156% and receives a floating rate of 75% of LIBOR.

Payments between the Federation and U.S. Bank are made monthly to correspond with the interest payments due on the Series O-1 Bonds. The interest rate swaps require the Federation to be in compliance with the Credit Support Document.

The following represents the fair value of the interest rate swaps:

	<b>As of June 30, (Asset) Liability</b>	
	<b>2019</b>	<b>2018</b>
First interest rate swap	\$ -	\$ 222,808
Second interest rate swap	-	61,378
Third interest rate swap	840,080	88,852
Totals	\$ 840,080	\$ 373,038

### Note 11: Capital Advances

MJF Housing No. 2, Inc. and MJF Housing No. 3, Inc. received \$1,416,400 and \$1,391,400 of capital advances, respectively, from HUD to finance construction of low-income apartment complexes. The advances given were in the form of mortgage notes which bear no interest and require no repayments provided that the complexes to which the mortgage notes relate remain available for low-income elderly persons in accordance with the appropriate regulations until March 1, 2038. It is management's intent to continue operating these complexes in accordance with these restrictions; therefore, the advances were recorded as net assets without donor restrictions in the accompanying consolidated statements of financial position.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 12: Income Taxes

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Act"). The Act amends the Internal Revenue Code to reduce corporate tax rates and modify various tax policies, credits, and deductions. The Act reduces the corporate federal tax rate from a maximum of 34% to a flat 21% rate, which is effective for the Federation beginning January 1, 2018.

The provision for income taxes is included in Milwaukee programs on the consolidated statements of activities and consists of the following:

<i>Years Ended June 30,</i>	<b>2019</b>	<b>2018</b>
Current tax provision:		
Federal	\$ 67,398	\$ 80,000
State	26,444	25,000
<b>Total current tax provision</b>	<b>93,842</b>	<b>105,000</b>
Deferred tax provision:		
Federal	29,000	(23,000)
State	12,000	5,000
<b>Total deferred tax provision</b>	<b>41,000</b>	<b>(18,000)</b>
<b>Total provision for income taxes</b>	<b>\$ 134,842</b>	<b>\$ 87,000</b>

Net deferred tax liabilities are classified in the accompanying consolidated statements of financial position as follows:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Current (assets) liabilities	\$ (8,000)	\$ 7,000
Long-term liabilities	132,000	76,000
<b>Net deferred tax liability</b>	<b>\$ 124,000</b>	<b>\$ 83,000</b>

Noncurrent deferred tax liabilities are the result of differences in the basis and depreciation methods of the rental property and the deferred financing costs related to the HUD-insured mortgage note. Current deferred tax assets and liabilities are a result of prepaid insurance being deducted for tax purposes when paid.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 13: Milwaukee Programs

Milwaukee programs in the accompanying consolidated statements of activities include the following:

<i>Years Ended June 30,</i>	<b>2019</b>	<b>2018</b>
Federation direct services	\$ 2,104,951	\$ 1,920,241
HUD properties	1,331,977	1,241,366
Federation properties	5,664,126	6,263,430
Jewish Community Relations Council	242,765	259,458
Jewish Community Foundation	355,685	847,382
Other	223,211	157,627
<b>Total Milwaukee programs</b>	<b>\$ 9,922,715</b>	<b>\$ 10,689,504</b>

### Note 14: Net Assets Without Donor Restrictions

Net assets without donor restrictions but which have been designated for various purposes consist of the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Unrestricted reserves	\$ 5,431,882	\$ 3,315,507
Donor-designated funds	39,096,466	40,481,623
Net investment in property and equipment	5,795,252	8,797,876
Donor-advised funds	36,794,785	37,438,944
<b>Total net assets without donor restrictions</b>	<b>\$ 87,118,385</b>	<b>\$ 90,033,950</b>

- Unrestricted reserves consist of lifetime gifts, bequests, and the investment return on all funds within this category. Distributions are made at the discretion of the Federation.
- Donor-designated funds consist of individual contributions received by the Federation in the form of lifetime gifts, bequests, or transfers from existing funds and trusts. Distributions are made based on the wishes expressed by the donors. The Federation has final authority and discretion over the funds.
- Net investments in property and equipment consist of all property and equipment net of depreciation and liabilities.
- Donor-advised funds are established by donors during their lifetimes and are similar to private foundations. Donors contribute cash or appreciated securities and real property which are usually liquidated soon after being gifted. The proceeds are invested and controlled by the Federation, but the donors retain the privilege of making recommendations for charitable distributions.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 15: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
<hr/>		
Subject to expenditure for specified purpose:		
Scholarships, grants, and awards	\$ 1,443,400	\$ 1,441,565
Purpose-restricted	4,288,775	4,283,638
Restricted for agencies	12,693,813	12,574,882
PACE/LOJE	5,386,176	3,420,132
<hr/>		
Total subject to expenditure for specified purpose	23,812,164	21,720,217
<hr/>		
Subject to the passage of time or other events:		
Residual value of trusts and gift annuities	3,398,419	3,263,808
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	44,801	44,801
<hr/>		
Total subject to the passage of time or other events	3,443,220	3,308,609
<hr/>		
Endowments subject to endowment spending policy and appropriation		
Endowment corpus	17,679,730	16,643,167
Unappropriated earnings on endowment investments restricted for specified purpose	1,891,538	1,683,049
<hr/>		
Total endowments subject to endowment spending policy and appropriation	19,571,268	18,326,216
<hr/>		
Total net assets with donor restrictions	\$ 46,826,652	\$ 43,355,042

- Scholarships, grants, and awards are funds that were established to support a specific class of people, including teenagers, college students, and young leadership volunteers, by awarding them scholarships or grants based on the actions of the Federation committees established for those purposes.
- Purpose-restricted funds are created by donors to provide support for the programs and services of the Federation that they wish to support. The fund agreements provide for the manner and frequency of distributions in keeping with the federation's spending discipline.
- Agency funds are gifts made to the Jewish Community Foundation for the exclusive use and benefit of communal agencies, schools, and synagogues. The funds are invested and controlled by the Jewish Community Foundation, but can only be accessed at the request of the entity that established the funds.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 15: Net Assets With Donor Restrictions (Continued)

- PACE/LOJE funds are contributed by donors who wish to designate their giving to the annual campaign of the Federation. Each year a distribution is made from each fund in the name of the donors to that year's campaign.
- Residual value of trusts and gift annuities consist of split-interest gifts where the donor receives income from the trust or annuity for his or her lifetime or a term of years and, upon the death of the donor or the end of the term, the Federation receives the remaining principal. The remainder can be either with or without donor restrictions depending on the terms of the original agreement.
- Time-restricted funds relate to the annual, capital campaign, and other donor-designated pledges that are due in future periods.

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donor as follows:

<i>Years Ended June 30,</i>	<b>2019</b>	<b>2018</b>
Residual value of trusts and gift annuities	\$ 42,583	\$ 14,266
Scholarships, grants, and awards	699,855	713,577
Purpose-restricted	178,417	167,304
Restricted for agencies	812,430	993,749
PACE/LOJE	162,193	208,243
Expiration of time restrictions	-	106,536
<b>Net assets released from restrictions</b>	<b>\$ 1,895,478</b>	<b>\$ 2,203,675</b>

### Note 16: Related Parties

Board and staff members typically make contributions to the various campaigns of the Federation. Board members may be employees of firms with which the Federation conducts business. Board members may also be with firms or foundations that contribute funds or provide contributed services to the Federation. Board members abstain from voting on business transactions that involve any potential related parties.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 17: Endowments

The Federation has received several gifts in which the donors have stipulated that the gift amount be invested and maintained in perpetuity to generate annual income for various Federation purposes. These funds are maintained by the Federation in various investments and the Federation is responsible for investment decisions. The Federation determines the income available for distribution using the total return method. Distributions are made annually in amounts determined by the Endowment Committee of the Federation.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring the Federation to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as net assets with donor restrictions (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as part of the endowment corpus is classified as unappropriated earnings on endowment assets restricted for specific purpose until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Federation, and (g) the Federation's investment policies.

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 preserve the purchasing power of the endowment assets. Under the Federation's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and the Federation's objectives.

To achieve its investment goals, the Federation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Federation's asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends and net appreciation in fair value of endowment funds on donor restricted endowment funds are classified as temporarily restricted net assets until appropriated for expenditure by the Board of Directors.



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 17: Endowments (Continued)

#### Endowment Net Assets

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments at July 1, 2017	\$ 48,772	\$ 16,710,670	\$ 16,759,442
Contributions	-	1,032,206	1,032,206
Investment income	248,809	1,039,704	1,288,513
Administrative fees	(50,440)	(214,365)	(264,805)
Appropriation for expenditure	(154,288)	(241,999)	(396,287)
Endowments at June 30, 2018	92,853	18,326,216	18,419,069
Contributions	-	1,036,564	1,036,564
Investment income	124,757	582,852	707,609
Administrative fees	(46,494)	(219,446)	(265,940)
Appropriation for expenditure	(166,833)	(154,918)	(321,751)
Endowments at June 30, 2019	\$ 4,283	\$ 19,571,268	\$ 19,575,551

Endowment net assets consist of the following:

<i>As of June 30,</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated endowment funds - 2019	\$ 4,283	\$ 19,571,268	\$ 19,575,551
Donor designated endowment funds - 2018	\$ 92,853	\$ 18,326,216	\$ 18,419,069

### Note 18: Concentrations

The Federation maintains depository relationships with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Depository accounts at these institutions are insured by the FDIC up to specified limits. Balances in excess of FDIC limits are uninsured. The Federation has not experienced any losses with these accounts and management believes the Federation is not exposed to any significant risk on cash and cash equivalents.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 18: Concentrations (Continued)

Concentrations of gross pledges receivable are as follows:

<i>As of June 30,</i>	<b>2019</b>	<b>2018</b>
Donor A	12.4 %	5.2 %
Donor B	18.9 %	9.9 %
Donor C	9.5 %	11.7 %
Donor D	8.5 %	10.0 %
Others	50.7 %	63.2 %
<b>Totals</b>	<b>100.0 %</b>	<b>100.0 %</b>

### Note 19: Benefit Plan

The Federation sponsors the Milwaukee Jewish Federation, Inc. 401(k) Retirement Savings Plan covering all employees over the age of 21 with at least one year of service. Safe-harbor contributions to a trustee are made semimonthly at 3% of eligible staff's compensation. The Federation can, at its discretion, make an additional contribution of up to 4% of eligible staff compensation at calendar year-end. The Federation contributed 4% of eligible compensation for the years ended June 30, 2019 and 2018. Benefit plan expense was \$138,907 and \$133,648 for the years ended June 30, 2019 and 2018, respectively.

### Note 20: Contingencies

The Federation owns an interest in a partnership whose sole asset is land. Management is aware that the land may be contaminated with hazardous materials that could require remediation. The Federation has recognized a liability related to environmental remediation costs associated with the property in the amount of \$442,540 and \$576,609 as of June 30, 2019 and 2018, respectively. Management believes that any potential additional liability related to the environmental remediation would be immaterial to the consolidated financial statements.

The Federation agreed to guarantee \$11,060,000 of tax-exempt variable rate demand revenue bonds issued by Madison Hillel through the Colorado Educational and Cultural Facilities Authority as part of the National Jewish Federation Bond Program. The Federation also guaranteed interest due on these bonds. Madison Hillel is a constituent agency of the Federation. Constituent agencies must meet the standards and qualifications contained in the Federation's Principles of Affiliation, including holding a 501(c)(3) determination letter from the Internal Revenue Service and providing program services to the Jewish community in the Milwaukee area. Capital campaign funds from Madison Hillel of \$7,449,996 are held at the Federation, and the Federation may use these investments, if needed, to pay any amounts obligated under the guarantee.

In August 2017, Madison Hillel refinanced its tax-exempt variable rate demand revenue bonds. Under the terms of the refinancing, the Federation agreed to guarantee the bonds for a total of \$11,215,000.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 21: Fair Value Measurements

Information regarding assets and liabilities measured at fair value is as follows:

<i>As of June 30, 2019</i>	Total Assets at Fair Value	Recurring 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:				
State of Israel bonds	\$ 1,666,800	\$ -	\$ 1,666,800	\$ -
Corporate bonds	6,248,601	-	6,248,601	-
U.S. government and municipal bonds	3,417,059	-	3,417,059	-
Common stock:				
Domestic equities	12,059,114	12,059,114	-	-
Foreign equities	1,320,364	1,320,364	-	-
Preferred stock	29,160	29,160	-	-
Equity mutual funds:				
Domestic equities	38,430,823	38,430,823	-	-
Foreign equities	28,111,225	28,111,225	-	-
Fixed income mutual funds	27,949,810	27,949,810	-	-
Alternative investments:				
Whole life insurance policies	550,819	-	550,819	-
Private equity funds	198,630	-	-	198,630
Other structured products	8,491,436	-	-	8,491,436
Alternative investments measured using NAV practical expedient*:				
Hedge funds	69,479			
Other alternative investments	35,492,754			
Other structured products	15,634,300			
<b>Total investments</b>	<b>179,670,374</b>	<b>107,900,496</b>	<b>11,883,279</b>	<b>8,690,066</b>
Cash equivalents	6,333,677	-	6,333,677	-
Promises to give	2,946,353	-	2,946,353	-
<b>Total assets at fair value</b>	<b>\$ 188,950,404</b>	<b>\$ 107,900,496</b>	<b>\$ 21,163,309</b>	<b>\$ 8,690,066</b>

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 21: Fair Value Measurements (Continued)

<i>As of June 30, 2018</i>	Total Assets at Fair Value	Recurring 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:				
State of Israel bonds	\$ 1,670,800	\$ -	\$ 1,670,800	\$ -
Corporate bonds	6,599,842	-	6,599,842	-
U.S. government and municipal bonds	3,416,728	-	3,416,728	-
Common stock:				
Domestic equities	10,928,012	10,928,012	-	-
Foreign equities	2,241,865	2,241,865	-	-
Preferred stock	28,406	28,406	-	-
Equity mutual funds:				
Domestic equities	39,342,403	39,342,403	-	-
Foreign equities	29,043,621	29,043,621	-	-
Fixed income mutual funds	28,113,578	28,113,578	-	-
Alternative investments:				
Whole life insurance policies	531,228	-	531,228	-
Private equity funds	256,976	-	-	256,976
Other structured products	8,208,396	-	-	8,208,396
Alternative investments measured using NAV practical expedient*:				
Hedge funds	76,080			
Other alternative investments	36,434,632			
Other structured products	13,217,603			
<b>Total investments</b>	<b>180,110,170</b>	<b>109,697,885</b>	<b>12,218,598</b>	<b>8,465,372</b>
Cash equivalents	5,697,715	-	5,697,715	-
Promises to give	2,284,190	-	2,284,190	-
<b>Total assets at fair value</b>	<b>\$ 188,092,075</b>	<b>\$ 109,697,885</b>	<b>\$ 20,200,503</b>	<b>\$ 8,465,372</b>

\*In accordance with GAAP, 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 presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 21: Fair Value Measurements (Continued)

Information regarding liabilities measured at fair value is as follows:

	Total Liabilities at Fair Value	Recurring 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)
<i>As of June 30, 2019</i>				
Liability for trusts and gift annuities	\$ 3,422,461	\$ -	\$ 3,422,461	\$ -
Interest rate swaps	840,080	-	840,080	-
Post-retirement benefit liability	3,500	-	-	3,500
<b>Total liabilities at fair value</b>	<b>\$ 4,266,041</b>	<b>\$ -</b>	<b>\$ 4,262,541</b>	<b>\$ 3,500</b>

	Total Liabilities at Fair Value	Recurring 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)
<i>As of June 30, 2018</i>				
Liability for trusts and gift annuities	\$ 3,527,042	\$ -	\$ 3,527,042	\$ -
Interest rate swaps	88,852	-	88,852	-
Post-retirement benefit liability	31,000	-	-	31,000
<b>Total liabilities at fair value</b>	<b>\$ 3,646,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,000</b>

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

- Cash equivalents, consisting mainly of money market funds, are valued using \$1 as the net asset value (NAV).
- State of Israel bonds are valued at cost, which approximates fair value.
- Corporate, U.S. government, and municipal bonds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Common and preferred stock is valued based on quoted market prices.
- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Federation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Federation are deemed to be actively traded.
- Whole life insurance policies are valued at cash surrender value as reported by the issuer.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 21: Fair Value Measurements (Continued)

- Alternative investments are valued based on estimates and valuations provided by investment managers which use pricing models and other unobservable inputs to value the investments.
- Pledges receivable are valued at the present value of estimated future cash flows.
- Future payments on trusts and gift annuities are valued at the present value of estimated future cash flows based on life expectancies, quoted market prices, and discount rates.
- The interest rate swaps are valued using discounted cash flows based on yield curves and other factors.
- The post-retirement benefit liability is recorded at the present value of the Federation's obligation to pay retired employees deferred plan benefits.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Federation also has assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These include assets measured at the lower of carrying value or market, less costs to sell, and had a fair value below carrying value at June 30:

	Non-Recurring Fair Value Measurements Using			
	Total Liabilities at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Donated works of art held for sale - 2019	\$ 233,309	\$ -	\$ 233,309	\$ -
Donated works of art held for sale - 2018	\$ 247,389	\$ -	\$ 247,389	\$ -

The table below sets forth a summary of changes in fair value of the Federation's Level 3 assets:

<i>Years Ended June 30,</i>	2019	2018
Alternative investments measured using Level 3 inputs at beginning of year	\$ 8,465,372	\$ 9,193,508
Income	291,194	167,587
Sales	(66,500)	(895,723)
Alternative investments measured using Level 3 inputs at end of year	\$ 8,690,066	\$ 8,465,372

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

### Note 21: Fair Value Measurements (Continued)

The following table presents additional information about the Federation's investments whose fair value is measured using the reported NAV practical expedient:

	Fair Value as of June 30,		Redemption Frequency	Redemption Notice Period	Unfunded Commitments
	2019	2018			
Hedge funds:					
Goldman Sachs Investment Partners <sup>(A)</sup>	\$ 69,479	\$ 76,080	I	I	\$ -
Other alternative investments and structured products:					
EnTrust Capital Diversified Fund QP LTD <sup>(B)</sup>	\$ 155,732	\$ 163,531	II	II	\$ -
Rock Creek Georgetown Fund LTD <sup>(C)</sup>	\$ 11,899,820	\$ 11,810,100	II	II	\$ -
Stark Investments <sup>(D)</sup>	\$ 19,111	\$ 40,590	I	I	\$ -
Greenlight Capital <sup>(E)</sup>	\$ -	\$ 1,725,587	NAV on 6/30	45 days	\$ -
PRISA Fund <sup>(F)</sup>	\$ 14,380,738	\$ 13,974,909	Quarterly	90 days	\$ -
Clarion Lion Properties Real Estate Fund <sup>(G)</sup>	\$ 9,037,353	\$ 8,719,915	Quarterly	90 days	\$ -
Parametric Defensive Equity Fund LLC <sup>(H)</sup>	\$ 11,769,769	\$ 9,651,160	Monthly	5 days	\$ -
AQR Global Risk Premium Enhanced Liquidity Fund <sup>(I)</sup>	\$ 3,864,531	\$ 3,566,443	Weekly	5 days	\$ -

I. These funds are currently in the liquidation process. Liquidity is determined by market conditions.

II. The funds call for periodic redemptions each calendar quarter with 90 days' notice.

(A) Goldman Sachs Long-Short Partners is currently in liquidation.

(B) EnTrust Capital Diversified Fund QP LTD is an exempted company incorporated under the laws of the Cayman Islands. The fund invests substantially all of its net assets in an international business company incorporated under the laws of the British Virgin Islands, EnTrust Capital Diversified Fund LTD (the "Master Fund"), under a master-feeder agreement. The structure of the Master Fund allocates its assets among a diversified group of alternative investment fund managers, commonly referred to as a "fund of funds." The investment strategies may utilize a variety of financial instruments in their trading strategies and invest in U.S. and non-U.S. equities and equity-related securities, debt securities, options, futures, forwards, swap contracts, repurchase agreements, private placements, and commodities.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 21: Fair Value Measurements (Continued)

- (C) Rock Creek Georgetown Fund LTD is an exempted company incorporated under the laws of the Cayman Islands. The structure of the fund allocates its assets among a diversified group of alternative investment fund managers, which is commonly referred to as a “fund of funds.” The investment strategies may include, but are not limited to, pairs trading, market neutral equity, merger arbitrage, long/short equity, long concentrated, long biased, short biased, and event driven investment strategies.
- (D) The Stark Investments are currently in liquidation.
- (E) The Greenlight Capital fund seeks to maximize capital by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. The fund aims to achieve high absolute rates of return while minimizing the risk of capital loss. The fund invests on a concentrated, hedged basis in U.S. equities and debt securities and event-related/special situation investments. The fund also invests in non-U.S. equities on a more limited basis with the bulk of this exposure in developed Europe. The Greenlight Capital fund was liquidated in 2019.
- (F) The PRISA fund is a broadly diversified equity real estate portfolio that invests primarily in existing income-producing properties with strong cash flows that are expected to increase over time and thereby provide the potential for capital appreciation. The fund makes investments in office, retail, industrial, apartment, hotel, and storage properties. The fund may also hold a modest amount of unimproved land or other property types. Investments are made through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loan types, including mezzanine debt and debt secured by an interest in the borrowing entity or interest in companies or entities that directly or indirectly hold real estate or real estate interests.
- (G) The Clarion Lion Properties Real Estate Fund is a core-style, open-end real estate fund that holds a strategically diversified portfolio of real estate assets across the four main property types in major markets located throughout the United States. The primary performance objective is to combine attractive income yield with long-term capital growth.
- (H) Parametric Defensive Equity Fund LLC ("Parametric") offers equity index options and seeks to structurally reduce equity market risk, while adding a relatively uncorrelated risk premium to enhance returns. Parametric seeks to reduce the magnitude of drawdowns and recover faster from stress events.
- (I) AQR Global Risk Premium Enhanced Liquidity Fund (“AQR”) invests in a diversified set of global risk premiums including global developed and emerging equities, U.S. small-cap and mid-cap equities, global developed and inflation-protected bonds, commodity futures, and swaps. AQR seeks to implement a broadly diversified and higher long-term risk-adjusted return from a combination of these investments.



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2019 and 2018

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### Note 22: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

*As of June 30, 2019*

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Cash and cash equivalents	\$ 9,510,965
Accounts and notes receivable	333,587
<hr/>	
Total financial assets	9,844,552
Less:	
Cash held by bonded trustee	(116,496)
Cash equivalents held by investment managers	(6,333,677)
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Total financial assets available for general expenditure	\$ 3,394,379

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The Federation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The Federation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.