

# Milwaukee Jewish Federation, Inc.

Consolidated Financial Statements

Years Ended June 30, 2020 and 2019



**MILWAUKEE**  
JEWISH FEDERATION

**WIPFLI**

# Milwaukee Jewish Federation, Inc.

Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

November 30, 2020

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 20,681,170	\$ 9,510,965
Current portion of promises to give	2,715,433	1,968,542
Current portion of accounts and notes receivable	239,414	333,588
Prepaid expenses	110,898	205,978
<b>Total current assets</b>	<b>23,746,915</b>	<b>12,019,073</b>
Long-term assets:		
Investments	178,221,185	179,670,374
Property and equipment - Net	29,302,318	32,403,305
Promises to give - Net, less current portion	96,116	977,811
Accounts and notes receivable - Net, less current portion	3,542,473	3,470,398
Donated real estate held for sale	1,943,500	1,943,500
Donated works of art held for sale	230,587	233,309
Other assets	2,230,652	3,144,647
<b>Total long-term assets</b>	<b>215,566,831</b>	<b>221,843,344</b>
<b>TOTAL ASSETS</b>	<b>\$ 239,313,746</b>	<b>\$ 233,862,417</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Financial Position (Continued)

June 30, 2020 and 2019

Liabilities and Net Assets	2020	2019
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,497,595	\$ 1,736,691
Accrued income taxes	2,511,038	6,923
Community allocations payable	4,116,114	4,068,379
Current maturities of long-term debt	-	124,537
Current portion of capital lease obligation	6,389	3,772
Current liability for trusts and gift annuities	422,173	376,650
<b>Total current liabilities</b>	<b>8,553,309</b>	<b>6,316,952</b>
Long-term liabilities:		
Long-term debt, less current maturities - Net	53,922,354	58,801,421
Capital lease obligation, less current portion	2,550	4,714
Liability for trusts and gift annuities, less current portion	2,930,398	3,045,811
Passport to Israel	363,562	357,923
Interest rate swap	1,284,492	840,080
Deferred income taxes	-	124,000
Post-retirement benefit liability	3,500	3,500
Agency endowment funds	25,860,706	26,214,959
Assets held on behalf of cemetery	4,301,523	4,208,020
<b>Total long-term liabilities</b>	<b>88,669,085</b>	<b>93,600,428</b>
<b>Total liabilities</b>	<b>97,222,394</b>	<b>99,917,380</b>
Net assets:		
Without donor restrictions	94,331,978	87,118,385
With donor restrictions	47,759,374	46,826,652
<b>Total net assets</b>	<b>142,091,352</b>	<b>133,945,037</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 239,313,746</b>	<b>\$ 233,862,417</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Campaign support:			
Annual and capital campaign support	\$ 5,907,548	\$ -	\$ 5,907,548
Campaign payments from fund transfers	(2,277,204)	-	(2,277,204)
<b>Total campaign support</b>	<b>3,630,344</b>	<b>-</b>	<b>3,630,344</b>
Other contribution support	13,095,540	1,848,876	14,944,416
Investment income - Net	2,433,557	892,326	3,325,883
Rental income	3,301,441	-	3,301,441
Programs and events revenue	508,541	-	508,541
Other income (loss)	1,607,373	(12,317)	1,595,056
Net assets released from restrictions	1,796,163	(1,796,163)	-
<b>Total support and revenue</b>	<b>26,372,959</b>	<b>932,722</b>	<b>27,305,681</b>
Expenses:			
Program:			
Allocations to local agencies	2,775,551	-	2,775,551
Allocations to national agencies	244,337	-	244,337
Allocations to Israel and overseas	1,137,017	-	1,137,017
Grants	10,270,824	-	10,270,824
Milwaukee programs	11,366,389	-	11,366,389
Scholarships and awards	500,000	-	500,000
Supporting services:			
Administration and planning	1,557,447	-	1,557,447
Fundraising	2,314,157	-	2,314,157
<b>Total expenses</b>	<b>30,165,722</b>	<b>-</b>	<b>30,165,722</b>
Support and revenue in excess (deficit) of expenses	(3,792,763)	932,722	(2,860,041)
Other changes in net assets:			
Gain on sale of MJF Golda Meir Housing, Inc.	11,450,768	-	11,450,768
Change in value of interest rate swaps	(444,412)	-	(444,412)
<b>Total change in net assets</b>	<b>7,213,593</b>	<b>932,722</b>	<b>8,146,315</b>
Net assets at beginning of year	87,118,385	46,826,652	133,945,037
<b>Net assets at end of year</b>	<b>\$ 94,331,978</b>	<b>\$ 47,759,374</b>	<b>\$ 142,091,352</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Activities (Continued)

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)
Total campaign support	4,757,794	-	4,757,794
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)	-
Total support and revenue	25,398,791	3,471,610	28,870,401
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
Total expenses	27,847,314	-	27,847,314
Support and revenue in excess (deficit) of expenses	(2,448,523)	3,471,610	1,023,087
Change in value of interest rate swaps	(467,042)	-	(467,042)
Total change in net assets	(2,915,565)	3,471,610	556,045
Net assets at beginning of year	90,033,950	43,355,042	133,388,992
Net assets at end of year	\$ 87,118,385	\$ 46,826,652	\$ 133,945,037

See accompanying notes to consolidated financial statements.



# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 8,146,315	\$ 556,045
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions designated for permanent endowment	(1,049,378)	(1,036,564)
Bad debt expense (recoveries)	7,022	(6,269)
Depreciation and amortization	1,816,668	1,884,330
Loss on disposal of property and equipment	35,180	52,598
Gain on sale of MJF Golda Meir Housing, Inc.	(11,450,768)	-
Net realized and unrealized gains on investments	(656,877)	(3,571,438)
Amortization of debt issuance costs	30,861	33,556
Change in value of interest rate swaps	444,412	467,042
Change in value of trusts and gift annuities	376,164	342,253
Deferred tax provision	(124,000)	26,000
Changes in operating assets and liabilities:		
Promises to give	136,804	(654,163)
Accounts and notes receivable	(4,365)	(24,556)
Prepaid expenses	95,080	13,590
Accounts payable and accrued expenses	(221,667)	(337,169)
Accrued income taxes	2,504,115	6,923
Community allocations payable	47,735	(52,270)
Passport to Israel	5,639	(3,425)
Post-retirement benefit liability	-	(27,500)
Agency endowment funds	(354,253)	(1,054,274)
Assets held on behalf of cemetery	93,503	241,472
<b>Net cash used in operating activities</b>	<b>(121,810)</b>	<b>(3,143,819)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(124,652)	(211,021)
Net proceeds from sale of MJF Golda Meir Housing, Inc.	12,945,881	-
Purchase of investments	(130,394,199)	(89,032,633)
Proceeds from sales of investments	132,500,265	93,043,867
Proceeds from sales of donated works of art held for sale	2,722	14,080
Increase in cash surrender value of life insurance	1,513	30,881
<b>Net cash provided by investing activities</b>	<b>14,931,530</b>	<b>3,845,174</b>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from financing activities:</b>		
Contributions designated for permanent endowment	\$ 1,049,378	\$ 1,036,564
Payments to trust beneficiaries	(446,054)	(446,834)
Repayment on long-term debt	(5,151,550)	(193,132)
Principal payments under capital lease obligation	(3,771)	(4,086)
<b>Net cash (used in) provided by financing activities</b>	<b>(4,551,997)</b>	<b>392,512</b>
Net increase in cash, cash equivalents, and restricted cash	10,257,723	1,093,867
Cash, cash equivalents, and restricted cash at beginning of year	10,620,012	9,526,145
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 20,877,735</b>	<b>\$ 10,620,012</b>
<b>Reconciliation of cash, cash equivalents, and restricted cash:</b>		
Cash and cash equivalents:		
Checking accounts	\$ 11,856,826	\$ 3,060,792
Cash held by bond trustee	84,095	116,496
Cash equivalents held by investment managers	8,740,249	6,333,677
<b>Total cash and cash equivalents</b>	<b>20,681,170</b>	<b>9,510,965</b>
<b>Restricted cash included in other assets - Reserve and replacement funds</b>	<b>196,565</b>	<b>1,109,047</b>
<b>Total cash, cash equivalents, and restricted cash shown in the statements cash flows</b>	<b>\$ 20,877,735</b>	<b>\$ 10,620,012</b>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 1,367,478	\$ 1,990,759
Cash paid for income taxes	\$ 94,400	\$ 82,199
<b>Noncash investing activities:</b>		
Property additions included in accounts payable	\$ 23,603	\$ -
Property acquired through capital lease obligations	\$ 4,224	\$ -

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Consolidated Statements of Functional Expenses

Year Ended June 30, 2020

	Supporting Services		Program		Total
	Administration Planning	Fundraising	Local Allocations Grants, Programs, and Awards	Israel, Overseas, and National Charities Allocations and Grants	
Allocations	\$ -	\$ -	\$ 2,775,551	\$ 1,381,354	\$ 4,156,905
Grants	-	-	7,260,293	3,010,531	10,270,824
Interest and related fees	-	-	1,354,097	-	1,354,097
Bad debt expense (recoveries)	-	(2,000)	9,022	-	7,022
Miscellaneous	1,906	6,215	172,265	-	180,386
Professional services	137,313	344,608	514,246	-	996,167
Buildings/Cemetery operations	-	-	2,243,370	-	2,243,370
Newspaper	-	-	68,242	-	68,242
Salaries and benefits	1,211,472	1,512,686	1,465,397	-	4,189,555
Marketing and communications	226	14,786	89,583	-	104,595
Office operations	72,052	113,081	204,139	-	389,272
Occupancy and insurance	59,134	158,921	650,510	-	868,565
Information systems administration	55,584	38,614	38,034	-	132,232
Professional development	13,062	87,034	178,752	-	278,848
Programs and events	6,698	40,212	85,497	-	132,407
Scholarships and awards	-	-	500,000	-	500,000
Provision for income taxes	-	-	2,476,567	-	2,476,567
Depreciation and amortization	-	-	1,816,668	-	1,816,668
<b>Total expenses</b>	<b>\$ 1,557,447</b>	<b>\$ 2,314,157</b>	<b>\$ 21,902,233</b>	<b>\$ 4,391,885</b>	<b>\$ 30,165,722</b>

See accompanying notes to consolidated financial statements.

**Milwaukee Jewish Federation, Inc.**  
**Consolidated Statements of Functional Expenses (Continued)**

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	264,097	-	270,150
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
Provision for income taxes	-	-	134,842	-	134,842
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>

See accompanying notes to consolidated financial statements.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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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”).

#### 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.

#### Change in Accounting Policies

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230) - *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 guidance in this ASU was adopted by the Federation in 2020. The beginning balance of cash, cash equivalents, and restricted cash on July 1, 2018 on the consolidated statement of cash flows has been restated to include reserve and replacement funds required by HUD for the housing projects totaling \$1,105,991 to properly reflect this change in policy.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### Change in Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 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 ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Federation has applied the amendments in this ASU on a modified retrospective basis. There was no change in opening balances of net assets and no prior period results were restated. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider. The provisions related to resources provided will be effective for the Federation's fiscal year ending June 30, 2021.

#### 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.

#### 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.

Cash held by bond trustee is utilized to pay one month of interest on the tax-exempt bonds (see Note 8). 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.

#### 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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### Investments and Investment Income (Continued)

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.

#### Promises to Give

Unconditional promises to give are recorded as receivable in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. 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, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported at net realizable value. 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, 2020 and 2019. The Federation uses a risk-adjusted discount rate commensurate with the risks involved based upon management's analysis of the expected cash flows from the promises to give. The amortization of the discount is recognized as contribution income over the duration of the promise to give.

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.

#### 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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### **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.

#### **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. Management determined that no impairment loss was required to be recorded for the years ended June 30, 2020 and 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 2020 and 2019.

#### **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.



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### **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.

#### **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, 2020 and 2019 was \$4,109,170 and \$4,135,317, respectively.

#### **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 \$6,707,106 and \$6,820,881 at June 30, 2020 and 2019, 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 Swap**

The Federation uses an interest rate swap 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 an interest rate swap. At the inception of the swap agreement, the Federation documented its risk management strategy and assessed the interest rate swap's effectiveness at producing offsetting cash flows. The interest rate swap has been deemed effective in achieving its objective and has been designated as a cash flow hedge.

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

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### 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.

#### 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.

#### 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.

#### Campaign and Other Contribution Support

Campaign and other contribution support, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### **Campaign and Other Contribution Support** (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. 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.

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.

Donated services are recognized as contributions, at the donor's estimated fair value, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Federation.

#### **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.

#### **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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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

#### Tax Status (Continued)

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. 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 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 30, 2020, which is the date the consolidated financial statements were available to be issued.

#### 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, 2021. The Federation is currently evaluating the impact of the provisions of ASU No. 2014-09.

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, 2023, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospective basis. The Federation is currently evaluating the impact of the provisions of ASU No. 2016-02.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 2: Promises to Give

Promises to give consist of the following:

<i>As of June 30, 2020</i>	Gross Promises to Give	Collection Reserves	Unamortized Discount	Net Promises to Give
Annual campaigns	\$ 2,939,092	\$ (449,520)	\$ (3,883)	\$ 2,485,689
Other campaigns	325,860	-	-	325,860
<b>Totals</b>	<b>\$ 3,264,952</b>	<b>\$ (449,520)</b>	<b>\$ (3,883)</b>	<b>\$ 2,811,549</b>

<i>As of June 30, 2019</i>	Gross Promises to Give	Collection Reserves	Unamortized Discount	Net Promises to Give
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)	-	-
<b>Totals</b>	<b>\$ 3,436,046</b>	<b>\$ (450,154)</b>	<b>\$ (39,539)</b>	<b>\$ 2,946,353</b>

Promises to give are expected to be collected as follows:

<i>As of June 30,</i>	2020	2019
Less than one year	\$ 3,164,952	\$ 2,418,696
One to five years	100,000	1,017,350
Gross promises to give	3,264,952	3,436,046
Less:		
Unamortized discount	(3,883)	(39,539)
Collection reserves	(449,520)	(450,154)
Promises to give - Net	2,811,549	2,946,353
Less: Current portion	(2,715,433)	(1,968,542)
<b>Promises to give - Net, less current portion</b>	<b>\$ 96,116</b>	<b>\$ 977,811</b>

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 3: Accounts and Notes Receivable

Accounts receivable and notes receivable include the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Receivable from charitable trust	\$ 446,942	\$ 347,849
Loans to Jewish Community Center	3,000,000	3,000,000
Bequests receivable	118,725	196,971
Note receivable	15,565	40,523
Chronicle advertising sales receivable	18,900	25,066
Rent receivable	1,147	22,698
Other receivables	183,841	183,923
<hr/>		
Gross accounts and notes receivable	3,785,120	3,817,030
Less: Allowance for doubtful accounts	(3,233)	(13,044)
<hr/>		
Total accounts and notes receivable - Net	3,781,887	3,803,986
Less: Current portion	(239,414)	(333,588)
<hr/>		
<b>Accounts and notes receivable - Net, less current portion</b>	<b>\$ 3,542,473</b>	<b>\$ 3,470,398</b>

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 (0.71% at June 30, 2020, see Note 8). 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, 2020 and 2019 totaled \$1,691,888 and \$1,722,239, respectively.

### Note 4: Other Assets

Other assets consist of the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Partnership interests	\$ 308,416	\$ 308,416
Cash surrender value of life insurance policies	1,725,671	1,727,184
Reserve and replacement funds	196,565	1,109,047
<hr/>		
<b>Total other assets</b>	<b>\$ 2,230,652</b>	<b>\$ 3,144,647</b>

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 5: Property and Equipment

Property and equipment consists of the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Land	\$ 3,041,944	\$ 3,300,575
Buildings	53,795,344	58,169,031
Equipment	6,972,957	7,526,070
<b>Total property and equipment</b>	<b>63,810,245</b>	<b>68,995,676</b>
Accumulated depreciation	(34,507,927)	(36,592,371)
<b>Property and equipment - Net</b>	<b>\$ 29,302,318</b>	<b>\$ 32,403,305</b>

### Note 6: Investments

Investments include the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
State of Israel bonds	\$ 1,911,727	\$ 1,666,800
Corporate, U.S. government, and municipal bonds	8,024,056	9,665,660
Common and preferred stock	14,788,873	13,408,638
Mutual funds	98,822,347	94,491,858
Alternative investments	54,674,182	60,437,418
<b>Total investments</b>	<b>\$ 178,221,185</b>	<b>\$ 179,670,374</b>

Investment income is as follows:

<i>Years Ended June 30,</i>	<b>2020</b>	<b>2019</b>
Interest income	\$ 1,945,615	\$ 1,398,148
Dividend income	1,442,645	1,876,128
Unrealized (losses) gains	(3,435,508)	2,181,007
Realized gains	4,092,385	1,390,431
Management and advisor fees	(719,254)	(661,108)
<b>Total investment income - Net</b>	<b>\$ 3,325,883</b>	<b>\$ 6,184,606</b>

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 6: Investments (Continued)

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.

### Note 7: Capital Lease

The Federation has entered into lease agreements for office equipment. The leases are classified as capital leases. The leases require monthly payments of \$544 and terminate 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>2020</b>	<b>2019</b>
Office equipment	\$ 24,025	\$ 19,801
Less: Accumulated amortization	(15,087)	(11,315)
Assets held under capital lease obligation, net of accumulated amortization	\$ 8,938	\$ 8,486

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

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

<i>Years Ending June 30,</i>	
2021	\$ 6,406
2022	2,552
Total minimum lease payments	8,958
Less - Amount representing interest	(19)
Present value of future minimum lease payments	8,939
Less - Current portion	(6,389)
Capital lease obligation, net of current portion	\$ 2,550



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 8: Long-Term Debt

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, 2020 and 2019, \$84,095 and \$116,496, respectively, of cash was held by the bond trustee for payment of interest on the tax-exempt bonds.

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.

Long-term debt consists of the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</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 0.71% at June 30, 2020	\$ 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. The mortgage note was paid in full upon the sale of MJF Golda Meir Housing, Inc.	-	5,151,550
Total long-term debt	54,340,000	59,491,550
Less:		
Unamortized debt issuance costs	(417,646)	(565,592)
Current maturities	-	(124,537)
Long-term portion	\$ 53,922,354	\$ 58,801,421

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, 2020 and 2019, was \$1,298,079 and \$1,894,218, respectively.

### Note 9: Interest Rate Swaps

As disclosed in Note 8, 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 was dated September 8, 2008, and two additional interest rate swap agreements dated December 3, 2012.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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### **Note 9: Interest Rate Swaps** (Continued)

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.

### **Note 10: Paycheck Protection Program**

On April 16, 2020, the Federation entered into a promissory note agreement with a local financial institution in the amount of \$669,500. The loan was issued pursuant to the Paycheck Protection Program (the "PPP") administered by the Small Business Administration (the "SBA"), and bears interest at 1.00% with monthly payments of principal and interest in the amount of \$37,684 beginning November 16, 2020 and a final payment of all principal and accrued interest due April 16, 2022. All or a portion of the loan may be forgiven if the Federation uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP.

The Federation has determined that the award is a conditional grant and has applied the policy as described in Note 1. The Federation has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized ratably over the covered period of either 8 or 24 weeks. The Federation has determined that the conditions of the award have been substantially met as of June 30, 2020, and has recognized the proceeds as contribution revenue in the accompanying consolidated financial statements, and therefore, no refundable advance liability has been recorded.

### **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, 2020 and 2019

### Note 12: Income Taxes

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>2020</b>	<b>2019</b>
Current tax provision:		
Federal	\$ 1,836,539	\$ 67,398
State	764,028	26,444
Total current tax provision	2,600,567	93,842
Deferred tax provision:		
Federal	(90,000)	29,000
State	(34,000)	12,000
Total deferred tax provision	(124,000)	41,000
Total provision for income taxes	\$ 2,476,567	\$ 134,842

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

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Current assets	\$ -	\$ (8,000)
Long-term liabilities	-	132,000
Net deferred tax liability	\$ -	\$ 124,000

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 are a result of prepaid insurance being deducted for tax purposes when paid.

### Note 13: 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, 2020 and 2019

### Note 14: 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:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 20,681,170	\$ 9,510,965
Accounts and notes receivable	239,414	333,588
Total financial assets	20,920,584	9,844,553
Less:		
Cash held by bond trustee	(84,095)	(116,496)
Cash equivalents held by investment managers	(8,740,249)	(6,333,677)
Total financial assets available for general expenditure	\$ 12,096,240	\$ 3,394,380

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.

### Note 15: 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>2020</b>	<b>2019</b>
Unrestricted reserves	\$ 14,391,397	\$ 5,431,882
Donor-designated funds	37,928,004	39,096,466
Net investment in property and equipment	3,184,944	5,795,252
Donor-advised funds	38,827,633	36,794,785
Total net assets without donor restrictions	\$ 94,331,978	\$ 87,118,385

- 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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 15: Net Assets Without Donor Restrictions (Continued)

- 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.

### Note 16: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose:		
Scholarships, grants, and awards	\$ 947,170	\$ 1,443,400
Purpose-restricted	4,103,576	4,288,775
Restricted for agencies	13,300,929	12,693,813
PACE/LOJE	5,434,914	5,386,176
Total subject to expenditure for specified purpose	23,786,589	23,812,164
Subject to the passage of time or other events:		
Residual value of trusts and gift annuities	3,352,158	3,398,419
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	44,800	44,801
Total subject to the passage of time or other events	3,396,958	3,443,220
Endowments subject to endowment spending policy and appropriation		
Endowment corpus	18,729,108	17,679,730
Unappropriated earnings on endowment investments restricted for specified purpose	1,846,719	1,891,538
Total endowments subject to endowment spending policy and appropriation	20,575,827	19,571,268
Total net assets with donor restrictions	\$ 47,759,374	\$ 46,826,652

- 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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 16: Net Assets With Donor Restrictions (Continued)

- 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.
- 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>2020</b>	<b>2019</b>
Residual value of trusts and gift annuities	\$ 12,527	\$ 42,583
Scholarships, grants, and awards	675,958	699,855
Purpose-restricted	257,402	178,417
Restricted for agencies	634,169	812,430
PACE/LOJE	216,107	162,193
Net assets released from restrictions	\$ 1,796,163	\$ 1,895,478

### 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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 17: Endowments (Continued)

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 endowment, (b) the original value of a donor's subsequent gifts to the 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.

Endowment net assets consist of the following:

<i>As of June 30,</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor designated endowment funds - 2020	\$ (161,319)	\$ 20,575,827	\$ 20,414,508
Donor designated endowment funds - 2019	\$ 4,283	\$ 19,571,268	\$ 19,575,551

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 17: Endowments (Continued)

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments at July 1, 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
Contributions	-	1,049,378	1,049,378
Investment income	71,016	308,608	379,624
Administrative fees	(43,921)	(227,279)	(271,200)
Appropriation for expenditure	(192,697)	(126,148)	(318,845)
Endowments at June 30, 2020	\$ (161,319)	\$ 20,575,827	\$ 20,414,508

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the historical dollar value of the fund. In accordance with GAAP, deficiencies of \$161,319 are reported in net assets without donor restrictions as of June 30, 2020. These deficiencies resulted from unfavorable market fluctuations and appropriations for programs deemed prudent by the Board of Directors. No deficiencies were reported in 2019.

### Note 18: Milwaukee Programs

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

<i>Years Ended June 30,</i>	<b>2020</b>	<b>2019</b>
Federation direct services	\$ 2,004,619	\$ 2,104,951
HUD properties	3,439,880	1,331,977
Federation properties	4,877,876	5,664,126
Jewish Community Relations Council	345,570	242,765
Jewish Community Foundation	420,397	355,685
Other	278,047	223,211
Total Milwaukee programs	\$ 11,366,389	\$ 9,922,715



# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 19: 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.

Concentrations of gross pledges receivable are as follows:

<i>As of June 30,</i>	<b>2020</b>	<b>2019</b>
Donor A	4.4 %	12.4 %
Donor B	10.0 %	18.9 %
Donor C	10.0 %	9.5 %
Others	75.6 %	59.2 %
<b>Totals</b>	<b>100.0 %</b>	<b>100.0 %</b>

### Note 20: 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, 2020 and 2019. Benefit plan expense was \$119,951 and \$138,907 for the years ended June 30, 2020 and 2019, respectively.

### Note 21: 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 \$457,784 and \$442,540 as of June 30, 2020 and 2019, 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 \$11,215,000 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 \$7,109,293 are held at the Federation, and the Federation may use these investments, if needed, to pay any amounts obligated under the guarantee.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 22: Fair Value Measurements

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

<i>As of June 30, 2020</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	\$ 1,911,727	\$ -	\$ 1,911,727	\$ -
Corporate bonds	5,325,168	-	5,325,168	-
U.S. government and municipal bonds	2,698,888	-	2,698,888	-
Common stock:				
Domestic equities	13,409,583	13,409,583	-	-
Foreign equities	1,083,781	1,083,781	-	-
Preferred stock	295,509	295,509	-	-
Equity mutual funds:				
Domestic equities	50,829,730	50,829,730	-	-
Foreign equities	21,605,940	21,605,940	-	-
Fixed income mutual funds	26,386,677	26,386,677	-	-
Alternative investments:				
Whole life insurance policies	566,323	-	566,323	-
Private equity funds	548,940	-	-	548,940
Other structured products	8,507,452	-	-	8,507,452
Alternative investments measured using NAV practical expedient*:				
Hedge funds	51,778			
Other alternative investments	35,618,453			
Other structured products	9,381,236			
<b>Total investments</b>	<b>178,221,185</b>	<b>113,611,220</b>	<b>10,502,106</b>	<b>9,056,392</b>
Cash equivalents	8,740,249	-	8,740,249	-
Promises to give	2,811,549	-	2,811,549	-
<b>Total assets at fair value</b>	<b>\$ 189,772,983</b>	<b>\$ 113,611,220</b>	<b>\$ 22,053,904</b>	<b>\$ 9,056,392</b>

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 22: Fair Value Measurements (Continued)

<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>

\*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, 2020 and 2019

### Note 22: 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, 2020</i>				
Liability for trusts and gift annuities	\$ 3,352,571	\$ -	\$ 3,352,571	\$ -
Interest rate swap	1,284,492	-	1,284,492	-
Post-retirement benefit liability	3,500	-	-	3,500
<b>Total liabilities at fair value</b>	<b>\$ 4,640,563</b>	<b>\$ -</b>	<b>\$ 4,637,063</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, 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>\$ -</b>	<b>\$ 3,500</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, 2020 and 2019

### Note 22: 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 following table presents additional information about the Federation's investments whose fair value is measured using the reported NAV practical expedient:

	<u>Fair Value as of June 30,</u>		<u>Redemption</u>	<u>Redemption</u>	<u>Unfunded</u>
	<u>2020</u>	<u>2019</u>			
Hedge funds:					
Goldman Sachs Investment Partners <sup>(A)</sup>	\$ 51,778	\$ 69,479	I	I	\$ -
Other alternative investments and structured products:					
EnTrust Capital Diversified Fund QP LTD <sup>(B)</sup>	\$ 144,379	\$ 155,732	II	II	\$ -
Rock Creek Georgetown Fund LTD <sup>(C)</sup>	\$ 7,225,427	\$ 11,899,820	II	II	\$ -
Stark Investments <sup>(D)</sup>	\$ 18,678	\$ 19,111	I	I	\$ -
IFM Global Infrastructure <sup>(E)</sup>	\$ 6,087,519	\$ -	Quarterly	90 days	\$ 6,000,000
PRISA Fund <sup>(F)</sup>	\$ 12,851,162	\$ 14,380,738	Quarterly	90 days	\$ -
Clarion Lion Properties Real Estate Fund <sup>(G)</sup>	\$ 9,291,288	\$ 9,037,353	Quarterly	90 days	\$ -
Parametric Defensive Equity Fund LLC <sup>(H)</sup>	\$ 9,381,236	\$ 11,769,769	Monthly	5 days	\$ -
AQR Global Risk Premium Enhanced Liquidity Fund <sup>(I)</sup>	\$ -	\$ 3,864,531	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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 22: Fair Value Measurements (Continued)

- (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.
- (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) IFM Global Infrastructure funds is a Delaware limited partnership investing substantially all of its assets in a Cayman Islands unit trust. The fund's investment objective is to acquire and maintain a diversified portfolio of global infrastructure investments (within targeted sub-sectors with varied maturities) that realizes a 10% annual return over a three-year rolling period.
- (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.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

### Note 22: Fair Value Measurements (Continued)

- (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.

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>	<b>2020</b>	<b>2019</b>
Alternative investments measured using Level 3 inputs at beginning of year	\$ 8,690,066	\$ 8,465,372
(Loss) income	(23,325)	291,194
Purchases	450,000	-
Sales	(60,349)	(66,500)
Alternative investments measured using Level 3 inputs at end of year	\$ 9,056,392	\$ 8,690,066

### Note 23: Risks and Uncertainties

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis including financial markets, supply chains, businesses, and communities. Specific to the Federation, COVID-19 impacted various aspects of operations and financial results for the year ended June 30, 2020, including investment return, contribution revenue, and expenses for program services. The anticipated reduced investment returns and contribution funding in the current fiscal year led management to apply for assistance under the Paycheck Protection Program, as discussed in Note 10. Management believes the Federation is taking appropriate actions to mitigate the negative impact of COVID-19, however; the full impact of COVID-19 is unknown and cannot be reasonably estimated.

### Note 24: Sale of MJF Golda Meir Housing, Inc.

On March 4, 2020, the Federation closed on a sale of the rental facilities owned by MJF Golda Meir Housing, Inc. to a private commercial real estate investor for \$14.0 million, less the reserve for replacements of \$766,012. After transaction-related expenses, fees, and mortgage note payable payoff of \$5,058,440, the Federation received net cash proceeds of approximately \$7.9 million. Concurrent with the sale of the rental facilities, MJF Golda Meir Housing, Inc. ceased rental operations.

# Milwaukee Jewish Federation, Inc.

## Notes to Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 24: Sale of MJF Golda Meir Housing, Inc. (Continued)

The sale was comprised of the following assets acquired and liabilities assumed by the buyer:

Accounts receivable - Tenants, net	\$	25,740
Accounts receivable - U.S. Department of Housing and Urban Development		71,860
Tenant security deposits		39,097
Rental property		1,401,444
Tenant security deposits held in trust		(41,032)
<hr/>		
Total	\$	1,497,109
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