Jewish Federation Council of Greater Los Angeles

Financial Statements
For the Year Ended December 31, 2023
(With Summarized Financial Information
For the Year Ended December 31, 2022)

CohnReznick
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Jewish Federation Council of Greater Los Angeles
Index
December 31, 2023
(With Summarized Financial Information For the Year Ended December 31, 2022)

Page(s)

Independent Auditor's Report

To the Board of Directors
Jewish Federation Council of Greater Los Angeles

Opinion

We have audited the accompanying financial statements of Jewish Federation Council of Greater Los Angeles, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jewish Federation Council of Greater Los Angeles as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Federation Council of Greater Los Angeles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Federation Council of Greater Los Angeles' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Federation Council of Greater Los Angeles' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Federation Council of Greater Los Angeles' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Jewish Federation Council of Greater Los Angeles' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Los Angeles, California
August 12, 2024

Jewish Federation Council of Greater Los Angeles
Statements of Financial Position
December 31, 2023
(With Summarized Financial Information For the Year Ended December 31, 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 46,780,000	$ 33,697,000
Investments (Note 4)	100,443,000	89,154,000
Pledges receivable, net (Note 5)	12,224,000	9,296,000
Notes and other receivables, net (Note 6)	1,078,000	641,000
Other assets (Note 7)	19,550,000	18,156,000
Land, buildings and equipment, net (Note 8)	17,888,000	18,775,000
Total assets	**$ 197,963,000**	**$ 169,719,000**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 3,215,000	$ 4,639,000
Other liability (Note 7)	18,996,000	17,262,000
Employee benefits	1,034,000	1,131,000
Insurance liabilities	1,330,000	1,176,000
Grants payable to Jewish Federations of North America	5,394,000	3,295,000
Grants payable to partner organizations	8,076,000	8,031,000
Total liabilities	38,045,000	35,534,000
Commitments and contingencies		
Net Assets		
Without donor restrictions		
Undesignated	13,280,000	3,891,000
Reserves (Note 11)	85,524,000	76,570,000
Total without donor restrictions	98,804,000	80,461,000
With donor restrictions		
Purpose/time restricted (Note 10)	52,301,000	44,911,000
Perpetually restricted (Note 11)	8,813,000	8,813,000
Total with donor restrictions	61,114,000	53,724,000
Total net assets	159,918,000	134,185,000
Total liabilities and net assets	**$ 197,963,000**	**$ 169,719,000**

See Notes to the Financial Statements.

Jewish Federation Council of Greater Los Angeles
Statements of Activities and Changes in Net Assets
Year Ended December 31, 2023
(With Summarized Financial Information For the Year Ended December 31, 2022)

	2023			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2022**
Support and Revenue				
Support				
Pledges, net	$ 27,163,000	$ 12,215,000	$ 39,378,000	$ 41,327,000
Ukraine pledges	-	-	-	5,371,000
Israel in crisis pledges	12,184,000	23,246,000	35,430,000	-
Legacies, bequests, grants and other contributions	2,596,000	-	2,596,000	1,111,000
Total support	41,943,000	35,461,000	77,404,000	47,809,000
Revenue				
Fees from program services	86,000	-	86,000	134,000
Dividends and interest	1,365,000	190,000	1,555,000	1,135,000
Net realized and unrealized gains (losses) on investments	10,193,000	1,785,000	11,978,000	(17,408,000)
Other	34,000	-	34,000	45,000
Total revenue	11,678,000	1,975,000	13,653,000	(16,094,000)
Net assets released from restrictions	30,046,000	(30,046,000)	-	-
Total support and revenue	83,667,000	7,390,000	91,057,000	31,715,000
Expenses				
Program services	51,045,000	-	51,045,000	34,494,000
Fundraising	10,472,000	-	10,472,000	9,625,000
Management and general	3,807,000	-	3,807,000	3,927,000
Total expenses	65,324,000	-	65,324,000	48,046,000
Change in net assets	18,343,000	7,390,000	25,733,000	(16,331,000)
Net assets				
Beginning of year	80,461,000	53,724,000	134,185,000	150,516,000
End of year	$ 98,804,000	$ 61,114,000	$ 159,918,000	$ 134,185,000

See Notes to the Financial Statements.

Jewish Federation Council of Greater Los Angeles
Statements of Functional Expenses
Year Ended December 31, 2023
(With Summarized Financial Information For the Year Ended December 31, 2022)

	Program Services	Fundraising	Management and General	2023	2022
Programs, Allocations and Expense					
Salaries	$ 7,366,000	$ 5,552,000	$ 836,000	$ 13,754,000	$ 13,194,000
Employee health and retirement benefits	1,194,000	1,414,000	149,000	2,757,000	2,752,000
Payroll taxes and workers' compensation	238,000	816,000	54,000	1,108,000	1,063,000
	8,798,000	7,782,000	1,039,000	17,619,000	17,009,000
Allocations to Jewish Federations of North America programs and support:					
Annual	2,330,000	-	-	2,330,000	4,950,000
Other	2,129,000	-	-	2,129,000	1,887,000
Israel in crisis	12,184,000	-	-	12,184,000	-
Allocations and grants to partner organizations	19,109,000	-	-	19,109,000	13,682,000
Professional fees	635,000	500,000	778,000	1,913,000	2,549,000
Temporary labor	658,000	92,000	228,000	978,000	408,000
Supplies	13,000	24,000	63,000	100,000	135,000
Telephone	54,000	93,000	383,000	530,000	423,000
Postage and shipping	3,000	18,000	4,000	25,000	18,000
Equipment repairs and maintenance	-	-	11,000	11,000	226,000
Printing, publications and public relations	458,000	192,000	8,000	658,000	764,000
Conference, meetings and travel	785,000	467,000	152,000	1,404,000	987,000
Special event expense	474,000	725,000	59,000	1,258,000	861,000
Telemarketing	-	14,000	-	14,000	39,000
Occupancy expense	1,610,000	277,000	245,000	2,132,000	1,808,000
Depreciation and amortization	1,669,000	84,000	329,000	2,082,000	1,706,000
Miscellaneous expense	136,000	204,000	508,000	848,000	594,000
	$ 51,045,000	$ 10,472,000	$ 3,807,000	$ 65,324,000	$ 48,046,000

See Notes to the Financial Statements.

Jewish Federation Council of Greater Los Angeles
Statements of Cash Flows
Year Ended December 31, 2023
(With Summarized Financial Information For the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Changes in net assets	$ 25,733,000	$ (16,331,000)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,082,000	1,706,000
Provision for doubtful accounts	610,000	1,660,000
Net realized and unrealized (gains) losses on investments	(11,978,000)	17,408,000
Reinvested interest and dividends from investments	(1,364,000)	(1,106,000)
Payment of pledges receivable with securities	(5,927,000)	(2,221,000)
Cash designated by donors for specific organizations	276,000	351,000
Cash disbursements designated by donors for specific organizations	(276,000)	(351,000)
Changes in assets and liabilities:		
Pledges receivable	2,389,000	(3,686,000)
Notes and other receivables	(437,000)	123,000
Other assets	340,000	(193,000)
Accounts payable and accrued expenses	(1,424,000)	2,398,000
Employee benefits	(97,000)	(204,000)
Insurance liabilities	154,000	144,000
Grants payable to Jewish Federations of North America	2,099,000	(2,676,000)
Grants payable to partner organizations	45,000	(49,000)
Net cash provided by (used in) operating activities	12,225,000	(3,027,000)
Cash flows from investing activities		
Purchase of investments	(1,911,000)	(2,573,000)
Proceeds from sales of investments	3,999,000	4,493,000
Purchase of Israel bonds	(35,000)	(468,000)
Proceeds from sales and maturities of Israel bonds	-	382,000
Construction and purchase of buildings and equipment	(1,195,000)	(236,000)
Net cash provided by investing activities	858,000	1,598,000
Cash and cash equivalents		
Beginning of the year	33,697,000	35,126,000
End of the year	$ 46,780,000	$ 33,697,000
Supplemental disclosures of cash flow information		
Donated securities	$ 5,927,000	$ 2,221,000
Increase (decrease) in other asset and other liability related to the Jim Joseph Foundation High School Affordability Initiative	$ 1,734,000	$ (4,429,000)

See Notes to the Financial Statements.

1. Organization and Operations

The Jewish Federation Council of Greater Los Angeles (the "Federation") convenes and leads the Los Angeles Jewish community and, with the Federation's local, national and international partners, leverages the resources of the community to care for Jews in need in Los Angeles and abroad, seeks to foster a sense of common Jewish purpose and assure the continuity of the Jewish people, supports and strengthens bonds with the people of the State of Israel, and mobilizes on issues of concern to the Los Angeles Jewish community. The Federation's headquarters are located in Los Angeles, California, and it maintains additional locations in Venice California, and Jerusalem, Israel.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include the accounts of the Federation and do not include the accounts of the partner organizations, nor do they include the accounts of the Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles (the "Foundation"), of which the Federation is the sole member as discussed in Note 15.

The financial statements of the Federation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies followed are described below.

Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. The notes do not contain complete prior year information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Net Assets

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Federation's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with original maturities of three months or less. The Federation classifies all cash and cash equivalents held as part of the investment portfolio as investments.

Concentration of Risk
The Federal Deposit Insurance Corporation ("FDIC") protects the first $250,000 of invested cash at certain financial institutions. As of December 31, 2023, the Federation's cash and cash equivalents were approximately $46,530,000 in excess of FDIC insurance limits. Additionally, invested cash and cash equivalents were held in custody of financial institutions in excess of the FDIC insurance limits. The majority of these funds were in an interest-bearing sweep account at a bank. The Federation performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure. Concentrations of credit risk with respect to pledges receivable are limited as amounts are due from various individuals, foundations, and other organizations. Substantially all of the Federation's investments are managed by the Foundation. At December 31, 2023, the fair value of the Federation's investments managed by the Foundation was $100,278,000.

Investments
Investments are stated at fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as discussed in Note 4.

The Federation invests donor bequests in the Reserves, a Board-designated fund, which is invested with the Foundation. Additionally, certain endowments subject to donor-imposed restrictions, due to time or purpose or perpetual restrictions, are invested with the Foundation. Substantially all of the assets managed by the Foundation are invested in the Common Investment Pool ("CIP"). The CIP is invested in marketable securities and alternative investments to generate operating income and to preserve capital.

Interest and dividend income and realized and unrealized gains and losses on investments, "net of investment fees" are reported in the statement of activities and changes in net assets as increases or decreases to net assets without donor restrictions unless their use is restricted by donor stipulations or law.

The values assigned to investments are based upon available information as of the date of the statement of financial position and do not necessarily represent amounts which might ultimately be realized since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. These differences could be material.

Land, Buildings and Equipment
Land, buildings and equipment used in the operations of the Federation are stated at cost or at fair value at the date of donation, if donated. Buildings and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, generally 5 to 10 years for furniture, fixtures and equipment, 25 years for buildings, 15 years for building improvements, 3 years for computer hardware, and 5 years for computer software. Construction in progress is stated at cost and depreciation will commence when the assets are placed in service. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset. Upon disposition of assets, the cost and related accumulated depreciation is removed with the resulting gain or loss recognized in net assets without donor restrictions.

2. Summary of Significant Accounting Policies (continued)

Donated Assets
Substantially all of the Federation's donated assets are contributed securities received in satisfaction of pledges receivable. The Federation sells all contributed securities, except for Israel bonds, as soon as possible. Prior to sale, contributed securities are valued at fair value based on quoted market prices. For the year ended December 31, 2023, securities contributed to the Federation totaled $5,927,000. As of December 31, 2023, $428,000 in contributed securities was reported in the statement of financial position in notes and other receivables.

Revenue Recognition
Contributions, including unconditional pledges, investment income, net realized and unrealized gains or losses, are recognized as support and revenues and are reported in the statement of activities and changes in net assets. Pledge revenues are recognized when the pledge is made. Unconditional pledges with payments due in future periods are reported as restricted contributions when the promises are received.

Contributions
Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as support without donor restrictions. Conditional promises to give, that is, those with a barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2023, the Federation did not have any conditional contributions.

Union Agreement
Certain Federation employees are members of a union which is operating under a signed collective bargaining agreement effective through June 30, 2026.

Functional Expenses
Program expenses consist of costs incurred in connection with providing services and conducting programs in broad thematic areas including service to the needy, Jewish education, including education about Jewish issues and leadership development. The Federation works with partner organizations, the Jewish Federations of North America ("JFNA") and others in addition to providing services directly, to accomplish the delivery of program services. Program expenses include all directly charged expenses and an allocation of indirect management and general costs.

The Federation provides support in the form of personnel dedicated to providing program services, funding distributed directly to partner organizations, JFNA and other grantees, and other expenses in the course of providing program support. The allocation expense payable to JFNA and the partner organizations as reported on the statement of financial position includes the amount committed by the Board of Directors for distribution in the next year.

2. Summary of Significant Accounting Policies (continued)

Functional Expenses (Continued)

Fundraising expenses include direct development costs, salaries and related expenses of conducting campaigns and accounting for pledge transactions and payments, as well as an allocation of indirect management and general costs.

Management and general expenses include costs incurred in connection with the overall activities of the organization which are not specifically allocable to another functional expense category. The allocation of shared costs across functional categories is accomplished by applying allocation metrics such as building square footage, headcount, or revenues that correspond to related groupings of expenditures.

Occupancy Expense

Occupancy expense is presented net of rental revenue. For the year ended December 31, 2023, occupancy expenses in the amount of $3,407,000 exceeded revenue by $2,132,000 and is reported net in the statement of functional expenses as occupancy expense. As described in Note 12, certain partner organizations receive a subvention in satisfaction of the payment of rent.

Income Taxes

The Federation is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California Revenue and Taxation Code sections, respectively. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Management has analyzed the tax positions taken by the Federation and has concluded that, as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Federation's federal and state income tax returns prior to 2020 and 2019, respectively, are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Federation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with the related tax liability in the statement of financial position.

New Accounting Pronouncement

On January 1, 2023, the Federation adopted Accounting Standards Update No, 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments ("ASC 326"). The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to a current and expected loss model. Under the current and expected loss model, entities recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASC 326, the Federation evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. As a result of the adoption of ASC 326, there was no material impact on the financial statements.

3. Availability and Liquidity

The following represents the Federation's financial assets at December 31, 2023:

Financial assets at year end:	
Cash and cash equivalents	$ 46,780,000
Pledges receivable, net	12,224,000
Investments	100,443,000
	159,447,000
Less amounts not available to be used within one year:	
Net assets with donor restrictions	61,114,000
Board-designated reserve funds	85,524,000
	146,638,000
Financial assets available to meet general expenditures over the next twelve months	$ 12,809,000

The Federation's goal is generally to maintain financial assets to meet at least 60 to 90 days of expenses. In order to support operating needs, the Federation can request additional distributions from investments held in the Federation's Reserves, which requires the Board of Director's approval.

4. Investments

Investments as of December 31, 2023 comprised the following:

State of Israel Bonds	$ 165,000
Foundation - Common Investment Pool	100,278,000
	$ 100,443,000

The Federation maintains a portfolio of investments for the purpose of furthering its mission over the long-term. Invested assets provide resources to meet short-range, mid-range and long-range goals of the organization. In addition, contributors who intend for interest, dividends, appreciation or principal to be used for unrestricted or restricted purposes of the Federation may direct that their donations be invested.

For the year ended December 31, 2023, investment fees of $196,000 are included with net realized and unrealized gains or losses on investments on the statement of activities and changes in net assets. Of the fees paid, all were paid to the Foundation.

Investments include Common Investment Pool and State of Israel Bonds held at the end of the year. State of Israel bonds are reported at fair value, including the consideration of the bonds' face value, interest rate, maturity and risk. It is the practice of the Federation to redeem State of Israel bonds at maturity. Purchase and sales of securities are recorded on trade dates. There were no outstanding purchases or sales transactions at December 31, 2023.

4. Investments (continued)

Fair Value

The Federation reports investments and other assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A level is assigned within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are as follows:

Level 1 Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date. These investments include cash and cash equivalents, mutual funds, and common stock.

Level 2 Valuations are based on inputs, including broker quotes, in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies. These investments include State of Israel bonds.

Level 3 Valuations are based on inputs that are both significant to the fair value measurement and unobservable, as they trade infrequently and therefore have little or no price transparency. The inputs into the determination of fair value require significant management judgment or estimation, and typical investments for this category are privately held investments and partnership interests. These investments include the Foundation’s CIP.

In estimating fair value of the investments in Level 3, the Federation may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, the Federation evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments and overall credit rating.

4. Investments (continued)

Fair Value (continued)
The following table summarizes the valuation of the Federation's investments by the fair value hierarchy levels as of December 31, 2023:

	Level 1	Level 2	Level 3	Total Investment Assets
State of Israel Bonds	$ -	$ 165,000	$ -	$ 165,000
Common Investment Pool	-	-	100,278,000	100,278,000
Total Federation Investments	-	165,000	100,278,000	100,443,000
Jim Joseph Foundation HSAI (See Note 7)				
Common Investment Pool	-	-	18,996,000	18,996,000
	$ -	$ 165,000	$ 119,274,000	$ 119,439,000

Realized and unrealized gains included in earnings, attributable to Level 3 investments were $11,978,000 for the year ended December 31, 2023.

Common Investment Pool
The CIP is not traded on any public market, and accordingly, there are no observable inputs to the determination of its fair value. For this reason, the CIP is characterized by the Federation as a Level 3 investment. The fair value of the investment in CIP is based on the Federation's proportionate share in the underlying asset balance of the CIP. Generally, the Foundation permits investment in and withdrawal from CIP on a quarterly basis.

However, the CIP is a pooled fund with a large portfolio of investments and a portion of the Federation's investment in the fund is illiquid due to the restrictions on specified investments within the fund. The Federation has no additional commitment to invest in the CIP. Additional information related to the composition of the CIP is provided by the management of the Foundation.

As of December 31, 2023, the composition of the CIP was as follows:

Selected Financial Information – Unaudited

Cash and Cash Equivalents	1.1%
Fixed Income	31.5%
US Equity	41.8%
Global ex-US Equity	17.3%
Emerging Markets	2.1%
Marketable Alternative Investments	1.3%
Non-marketable Alternative Assets	4.9%
	100.0%

5. Pledges Receivable

The Federation solicits contributions for the annual and other campaigns. The adjustment to report pledges receivable at fair value includes an estimate for uncollectible pledges receivable of $1,339,000 At December 31, 2023, the Federation applied treasury corporate discount rates ranging between 3.93% to 5.39% on the day the pledges were received to reduce the value of pledges receivable by $116,000 to its estimated net present value.

Pledges receivable are expected to be received as follows as of December 31, 2023:

	Annual	Other Campaigns	Total
Due in 2024	$ 6,613,100	$ 5,035,000	$ 11,648,100
Due in 2025 - 2026	2,030,900	-	2,030,900
	8,644,000	5,035,000	13,679,000
Less:			
Discount for pledges receivable	(116,000)	-	(116,000)
Allowance for doubtful accounts	(1,339,000)	-	(1,339,000)
Total pledges receivable, net	$ 7,189,000	$ 5,035,000	$ 12,224,000

6. Notes and Other Receivables

Partner organizations, related parties and other community organizations receive support from the Federation. Included with the notes and other receivables are the following balances due from partner organizations and others in the Jewish community at December 31, 2023:

Receivables from partner organizations, net	$ 474,000
Receivables due from brokerage	428,000
Notes and receivables due from others, net	176,000
Total notes and other receivables, net	$ 1,078,000

Certain exceptionally long outstanding loans have been fully reserved by the Federation. Long-term receivables due from partner organizations are reported net of reserves in the amount of $40,000.

7. Other Assets and Other Liability

The Federation partnered with the Foundation, Bureau of Jewish Education ("BJE"), and five BJE-affiliated Jewish High Schools ("High Schools") participating in the Jim Joseph Foundation High School Affordability Initiative ("HSAI") in an effort to stabilize and incrementally increase the enrollment of students from middle-income families attending these High Schools. The initiative will also assist the High Schools in raising endowment dollars which will build ongoing capacity to support Jewish high school education. The Federation acts as intermediary between the BJE and the Foundation by transferring funds received by BJE from the High Schools for investing in the Common Investment Pool managed by the Foundation. The High Schools' $18,996,000 contribution and related liability were reported in other assets and other liability, respectively, as of December 31, 2023.

Other assets comprised of the following:

Jim Joseph Foundation HSAI	$ 18,996,000
Other	554,000
	$ 19,550,000

Other liabilities comprised of the following:

Jim Joseph Foundation HSAI	$ 18,996,000

8. Land, Buildings and Equipment

Land, buildings and equipment as of December 31, 2023 comprised the following:

Land	$ 2,464,000
Buildings and improvements	41,559,000
Furniture, fixtures and equipment	3,772,000
Computer hardware and software	2,185,000
Fixed assets in progress	1,112,000
	51,092,000
Less: Accumulated depreciation and amortization	(33,204,000)
Land, buildings and equipment, net	$ 17,888,000

Fully depreciated assets still in use by the Federation were $7,713,000 as of December 31, 2023.

Depreciation and amortization expense for the year ended December 31, 2023 was $2,082,000.

9. Retirement Benefit Plans

The Federation is the plan administrator of the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles, plan number 001 (the "DB Plan"), which is a multi-employer pension plan and covers its employees and those of certain partner organizations registered under the Employer Identification Number 95-1643388. Effective January 1, 2006, under the amended terms of the DB Plan, the DB Plan was closed to new enrollment. The DB Plan is made up of two components: a defined benefit component and an employee contribution component.

Substantially all the benefit eligible employees of the Federation and the partner organizations hired before January 1, 2006 are participants in the defined benefit component. The DB Plan is subject to a collective bargaining agreement which is in effect through June 30, 2026 and shall annually thereafter be renewed automatically unless there is a desire to change, modify or terminate the agreement. Eligible participants in the defined benefit component may make voluntary contributions to the defined benefit component on an after-tax basis. All participants are currently fully vested after five years in the defined benefit plan.

During 2004, the Federation established a new defined contribution plan (the "DC Plan") for employees hired on or after January 1, 2006. The DC Plan provides for the Federation to make a contribution based on 5% of eligible compensation for participants who have served more than one year of eligible service. Participants are fully vested in the DC Plan after three years.

For the year ended December 31, 2023, the Federation contributed $1,335,000 to the DB Plan and $444,000 to the DC Plan.

The DB Plan (unaudited)
The calculated benefits, obligations and funded status of the DB Plan are based on an actuarial determination using census data for eligible participants as of January 1, 2023 for the year ended December 31, 2023 and other assumptions as described in the tables below.

Effective September 1, 1989, the benefit payments are calculated based on the participant's years of service since September 30, 1966 times 1.5% of their average monthly earnings. Average monthly earnings are defined as the participant's highest consecutive five years' pay. Eligible participants prior to September 1, 1989 are subject to a separate benefit formula as defined in the DB Plan.

In 2008, the Pension Protection Act created classifications for assessing the financial health of pension plans on a spectrum that requires endangered or critical (worse) plans take steps to improve the financial health of the plan within a specified time period. Because the DB Plan's funding ratio is greater than 80%, the plan is considered to be in the "green zone" for 2023 and 2024.

The DB Plan's projected benefit obligation is $184,605,000 as of December 31, 2023. The DB Plan's accumulated benefit obligation, as calculated in accordance with specific guidance applicable to sponsors of multi-employer pension, is $180,644,000. The DB Plan is underfunded in the amount of $60,698,000 as of December 31, 2023. The DB Plan's net periodic benefit cost is $4,125,000. The following tables further describe changes in the benefit obligation, changes in the plan assets and the components of the net periodic benefit cost.

9. Retirement Benefit Plans (continued)

The DB Plan (unaudited) (continued)
Effective January 1, 2017, to adjust to the declining wages of eligible participants as they terminate or retire within the closed plan, the Federation and local agencies contribute based on a new allocation policy.

For the year ending December 31, 2024, the Federation and the partner organizations expect to contribute $5,000,000 to the DB Plan.

The following table sets forth the DB Plan's funded status as a whole as of December 31, 2023:

Changes in benefit obligation	
Benefit obligation at beginning of year	$ 178,696,000
Service cost	1,940,000
Interest cost	8,798,000
Actuarial loss	7,928,000
Benefits paid	(11,974,000)
Administrative expenses paid	(783,000)
Benefit obligation at end of year	184,605,000
Changes in plan assets	
Fair value of plan assets at beginning of year	118,152,000
Actual return on plan assets	13,988,000
Employer contribution	4,524,000
Benefits paid	(11,974,000)
Administrative expense paid	(783,000)
Fair value of plan assets at end of year	123,907,000
Funded status	$ (60,698,000)

Components of net periodic benefit cost for the DB Plan as a whole, for the year ended December 31, 2023, comprised the following:

Components of net periodic benefit cost	
Service cost	$ 1,940,000
Interest cost	8,798,000
Expected return on plan assets	(7,818,000)
Recognized net actuarial loss	1,205,000
Net periodic benefit cost	$ 4,125,000

Weighted-average assumptions used to determine benefit obligations for the DB Plan as of December 31, 2023, are the following:

Assumptions	
Discount rate	5.00%
Rate of compensation increase	3.00%
Expected return on plan assets	7.00%

9. Retirement Benefit Plans (continued)

The DB Plan (unaudited) (continued)

The year end asset allocation, which approximates the weighted-average allocation for the DB Plan assets as of December 31, 2023, by asset category is as follows:

Asset allocation	
Global equities	9%
Small and mid domestic equities	46%
Fixed income and cash	24%
Alternative investments	21%

The table below indicates the target percentages for each of the major asset categories, which serve as guidelines for the DB Plan:

Targets for major asset categories	
Global equities	22%
Small and mid domestic equities	28%
Fixed income and cash	40%
Alternative investments	10%

The portfolio is evaluated annually, or when the actual allocation percentages are plus or minus 5% of the stated target allocation percentages. Changes in policy may be indicated as a result of changing market conditions or anticipated changes in the DB Plan's needs. Prohibited transactions include investment transactions prohibited by the Employee Retirement Income Security Act of 1974 and speculative investments including commodities or unregistered stock without specific prior approval by the Board of Directors.

The DB Plan's estimated future benefit payments for the years ending December 31 are as follows:

Estimated future benefit payments	
2024	$ 13,105,000
2025	13,115,000
2026	13,122,000
2027	13,035,000
2028	13,046,000
2029 through 2033	63,395,000

The future benefit payments were estimated using the same assumptions to measure the DB Plan's benefit obligation at the end of the year and include estimated future employee service.

9. Retirement Benefit Plans (continued)

Fair Value DB Plan Assets (unaudited)

As described in Note 4, the Federation uses a hierarchy to report invested assets, including the invested assets of the DB Plan. As described below, the DB Plan holds an investment in an insurance contract that is reported at contract value. The insurance certificates under this contract are issued for participants who have retired prior to April 1, 1998. The certificates require the funds be invested in a portfolio managed by the insurance company. The alternative investments are private equity investments valued based on Net Asset Value ("NAV").

The alternative investments may be liquidated without significant restriction and the DB Plan has no commitment for additional investments in the alternative investments.

The following table summarizes the valuation of the DB Plan's investments by the fair value hierarchy levels as of December 31, 2023:

	Cash and Cash and Equivalents	Common Stock and Mutual Funds	Bonds	Alternative Investments	Insurance Contracts	Total Invested Assets
Level 1	$ 4,447,000	$ 65,126,000	$ -	$ 20,501,000	$ -	$ 90,074,000
Level 2	-	-	-	-	-	-
Level 3	-	-	-	-	-	-
Measured at NAV	-	-	-	30,807,000	-	30,807,000
Fair Value	4,447,000	65,126,000	-	51,308,000	-	120,881,000
Contract Value	-	-	-	-	3,026,000	3,026,000
	$ 4,447,000	$ 65,126,000	$ -	$ 51,308,000	$ 3,026,000	$ 123,907,000

The following table summarizes the changes in the fair value and contract value of the DB Plan's assets for the year ended December 31, 2023:

	Level 1	NAV	Insurance Contracts	Total
Balance at December 31, 2022	$ 71,087,000	$ 44,072,000	$ 2,993,000	$ 118,152,000
Dividends and interest	2,036,000	35,000	142,000	2,213,000
Realized and unrealized gains, net	10,129,000	174,000	-	10,303,000
Contributions	4,524,000	-	-	4,524,000
Benefit payments and distributions	-	-	(11,974,000)	(11,974,000)
Expenses	(589,000)	-	(194,000)	(783,000)
Transfer in	6,718,000	3,431,000	12,059,000	22,208,000
Transfer out	(3,831,000)	(16,905,000)	-	(20,736,000)
Balance December 31, 2023	$ 90,074,000	$ 30,807,000	$ 3,026,000	$ 123,907,000

10. Net Assets

Net assets with donor restrictions by purpose are available as follows at December 31, 2023:

Israel in Crisis	$	23,246,000
Education programs		9,893,000
Leadership		4,993,000
Community service		3,804,000
Caring for Jews in Need		2,653,000
Camping		2,465,000
Premier philanthropy		1,820,000
Other		3,427,000
	$	52,301,000

Net assets released from donor restrictions during the year ended December 31, 2023 are as follows:

Operational use	$	2,938,000
Israel Levin Center		10,028,000
Allocations and education		17,080,000
	$	30,046,000

Perpetually restricted net assets must be invested to generate income to support the following purposes at December 31, 2023:

Centennial Endowment	$	3,000,000
Building operations fund		2,500,000
Education programs		2,213,000
Briskin Summer Camps Endowment		1,000,000
Lion of Judah		100,000
	$	8,813,000

Net assets without donor restrictions represent undesignated net assets that are available for current use and assets invested in land, building and equipment. The Jewish Federation/United Jewish Reserve Fund is a Board-designated fund invested with the Foundation, that with Board approval, can be used for additional spending. At December 31, 2023, net assets without donor restrictions was as follows:

Undesignated	$	13,280,000
Jewish Federation/United Jewish Fund Reserve Fund		85,524,000
	$	98,804,000

11. Endowment and Reserves

The Federation maintains a portfolio of investments for the purpose of furthering its mission over the long-term. The portfolio is composed of unrestricted gifts and bequests, and as such is reported as Reserves within net assets without donor restrictions in the statement of financial position.

Bequests that are temporarily or perpetually restricted by the gift instrument are excluded from the Board-designated Reserves. Gifts with time or purpose donor restrictions as permitted by the gift instrument must be expended in satisfaction of the purpose envisioned by the donor. The Federation has perpetually restricted endowments as described in Note 10.

The Board of Directors has charged the finance and administration committee which has, in turn, authorized the investment committee to assume responsibility for the oversight and the investment of the Reserves.

The Federation utilizes a spending rule for its Reserves in order to maximize the long-term investments of the fund. The spending rule sets forth the Reserves' income to be distributed currently for spending. The Board of Directors has authorized a policy permitting a 5% annual spending rate based on twelve quarters' weighted average of the invested asset balances. The Federation received a distribution in the amount of $4,139,000 for the year ended December 31, 2023, based on the previous twelve-quarter trailing average at September 30, 2022 and an additional $83,000 based on operational needs.

The investment policy for the investments in custody of the Foundation are designed to preserve and enhance the real purchasing power of these funds and to provide a return to meet or exceed the spending distribution as authorized by the various endowment funds. The Foundation uses the CIP as the primary pool to achieve this goal.

The investment committee has adopted the Foundation's target investment strategy for the CIP by asset class as follows:

Fixed income, including State of Israel Bonds	25% - 45%
Domestic equity	20% - 40%
International equity	2% - 25%
Short-term investments	0% - 10%
Alternative investments	0% - 10%

As described in Note 4, as of December 31, 2023, the portfolio was invested in a manner consistent with these guidelines.

11. Endowment and Reserves (continued)

Changes in Endowment and Reserves net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions: Purpose or Time Restrictions	With Donor Restrictions: Perpetual Restrictions	Total
Endowment and Reserves net assets, beginning of year	$ 76,570,000	$ 6,742,000	$ 8,813,000	$ 92,125,000
Investment return				
Interest and dividends	1,174,000	190,000	-	1,364,000
Net realized and unrealized gains	10,193,000	1,785,000	-	11,978,000
Contributions	1,809,000	102,000	-	1,911,000
Spending and other distributions	(4,222,000)	(338,000)	-	(4,560,000)
Endowment and Reserves net assets, end of year	$ 85,524,000	$ 8,481,000	$ 8,813,000	$ 102,818,000

A description of the Endowment and Reserves of the Federation as of December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions: Purpose or Time Restrictions	With Donor Restrictions: Perpetual Restrictions	Total
Reserves	$ 85,524,000	$ -	$ -	$ 85,524,000
Lainer endowment	-	7,490,000	2,213,000	9,703,000
Goldsmith endowment	-	825,000	2,500,000	3,325,000
Centennial Fund	-	-	3,000,000	3,000,000
Briskin endowment	-	166,000	1,000,000	1,166,000
Lions of Judah	-	-	100,000	100,000
Total of investments	$ 85,524,000	$ 8,481,000	$ 8,813,000	$ 102,818,000

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the entity to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023.

12. Related Party Transactions and Deferred Compensation Agreements

As further described in Note 6, the Federation has extended notes and noninterest-bearing loans to partner organizations.

Certain executives of the Federation have revocable deferred compensation arrangements. As of December 31, 2023, $248,000 was reported in the statement of financial position as other assets and the related liability in accounts payable and accrued expenses.

The Federation has month-to-month and limited multi-year lease arrangements with several partner organizations. The lease arrangements expire between 2022 and 2025. Rent revenue recognized for these arrangements for the year ended December 31, 2023 was $1,275,000, of which $1,273,000 was paid in cash, and is reported in the statement of activities and changes in net assets within total expenses.

13. Contingencies

In the normal course of operations, the Federation is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the Federation's financial position.

14. Subsequent Events

Subsequent events were evaluated from December 31, 2023 through August 12, 2024, which was the date the financial statements were available to be issued.

15. Jewish Community Foundation (Unaudited)

The Federation is the sole member of the Foundation; however, because the Foundation is governed by independent by-laws, independent Board of Directors and independent management, consolidated financial information is not permitted in accordance with accounting principles generally accepted in the United States of America.

The table below shows selected financial information for the Federation and the Foundation. The information for the Federation is derived from the audited financial statements for the years ended December 31, 2023 and 2022. The information from the Foundation is derived from schedules provided by the Foundation's management. The Total (Memorandum Only) column represents an aggregation of financial data for the Federation and the Foundation. Data in this column are presented only to facilitate financial analysis and do not present results of operations in accordance with accounting principles generally accepted in the United States of America. The information is not comparable to a consolidation because the intercompany activity has not been eliminated.

	December 31, 2023 Selected Financial Information		Memorandum Only
	The Federation	Foundation	Total
Support	$ 77,404,000	$ 136,391,000	$ 213,795,000
Investment income (loss) and other	13,653,000	121,139,000	134,792,000
Total support and revenue	$ 91,057,000	$ 257,530,000	$ 348,587,000
Expenses			
Program services	$ 51,045,000	$ 161,792,000	$ 212,837,000
Management and general	3,807,000	5,954,000	9,761,000
Fundraising	10,472,000	3,105,000	13,577,000
	$ 65,324,000	$ 170,851,000	$ 236,175,000

	December 31, 2022 Selected Financial Information		Memorandum Only
	The Federation	Foundation	Total
Support	$ 47,809,000	$ 80,368,000	$ 128,177,000
Investment income (loss) and other	(16,094,000)	(164,412,000)	(180,506,000)
Total support and revenue	$ 31,715,000	$ (84,044,000)	$ (52,329,000)
Expenses			
Program services	$ 34,494,000	$ 153,015,000	$ 187,509,000
Management and general	3,927,000	5,556,000	9,483,000
Fundraising	9,625,000	2,892,000	12,517,000
	$ 48,046,000	$ 161,463,000	$ 209,509,000

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