

Cleveland Hillel Foundation, Incorporated

Financial Statements
June 30, 2024 and 2023

Cohen & Co

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CLEVELAND HILLEL FOUNDATION, INCORPORATED

JUNE 30, 2024 AND 2023

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Independent Auditor's Report

Board of Directors
Cleveland Hillel Foundation, Incorporated

Opinion

We have audited the accompanying financial statements of Cleveland Hillel Foundation, Incorporated, which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cleveland Hillel Foundation, Incorporated as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Cleveland Hillel Foundation, Incorporated and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Cleveland Hillel Foundation, Incorporated's ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Cleveland Hillel Foundation, Incorporated's 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 Cleveland Hillel Foundation, Incorporated's 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.

Akron, Ohio
October 15, 2024

Cohen & Company Ltd.

STATEMENT OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 604,863	\$ 479,178
Restricted cash for building	3,814	3,814
Investments	314,453	275,545
Receivables:		
Pledges and grants, without donor restrictions	36,337	28,536
Pledges and grants, with donor restrictions	3,000	10,500
Other	<u>15,795</u>	<u>2,230</u>
	<u>978,262</u>	<u>799,803</u>
PROPERTY AND EQUIPMENT - AT COST		
Land	246,500	246,500
Buildings and improvements	4,152,610	4,152,610
Furniture and equipment	<u>197,201</u>	<u>197,201</u>
	4,596,311	4,596,311
Less: Accumulated depreciation	<u>(1,090,785)</u>	<u>(985,713)</u>
	<u>3,505,526</u>	<u>3,610,598</u>
OTHER ASSETS		
Assets held by others - Endowment	262,592	232,445
Assets held by others - New Building	35,216	40,437
Other assets	<u>26,896</u>	<u>12,700</u>
	<u>324,704</u>	<u>285,582</u>
	<u>\$ 4,808,492</u>	<u>\$ 4,695,983</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 62,941	\$ 57,795
Deferred deposits	2,200	2,200
Maccabee Task Force refundable advance	109,233	17,954
Accrued pension liability	<u>580,154</u>	<u>618,123</u>
	<u>754,528</u>	<u>696,072</u>
NET ASSETS		
Without donor restrictions	3,382,789	3,402,727
With donor restrictions	<u>671,175</u>	<u>597,184</u>
	<u>4,053,964</u>	<u>3,999,911</u>
	<u>\$ 4,808,492</u>	<u>\$ 4,695,983</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Jewish Federation of Cleveland	\$ 662,007		\$ 662,007
Grants and contributions	145,244	\$ 103,310	248,554
Grants from Maccabee Task Force Foundation		27,517	27,517
Grants from Hillel International	106,999		106,999
Program service fees	6,555		6,555
Rental income	64,596		64,596
Investment return - Net	19,357	33,592	52,949
Net change in assets held by others - Endowment		30,944	30,944
Other - Net	8,930		8,930
Net assets released from restrictions - Operating	<u>116,151</u>	<u>(116,151)</u>	
Total revenue and support	<u>1,129,839</u>	<u>79,212</u>	<u>1,209,051</u>
EXPENSES			
Program services	909,622		909,622
Management and general	234,773		234,773
Fundraising	<u>51,051</u>		<u>51,051</u>
Total expenses	<u>1,195,446</u>		<u>1,195,446</u>
CHANGE IN NET ASSETS - OPERATING	(65,607)	79,212	13,605
NON-OPERATING ACTIVITIES:			
Change in unfunded pension liability	37,969		37,969
Change in assets held by others - New Building		2,479	2,479
Net assets released from restrictions - New Building	<u>7,700</u>	<u>(7,700)</u>	
CHANGE IN NET ASSETS	(19,938)	73,991	54,053
NET ASSETS - BEGINNING OF YEAR	<u>3,402,727</u>	<u>597,184</u>	<u>3,999,911</u>
NET ASSETS - END OF YEAR	<u>\$ 3,382,789</u>	<u>\$ 671,175</u>	<u>\$ 4,053,964</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Jewish Federation of Cleveland	\$ 666,002		\$ 666,002
Grants and contributions	102,571	\$ 87,750	190,321
Grants from Maccabee Task Force Foundation		125,046	125,046
Grants from Hillel International	87,016		87,016
Program service fees	5,225		5,225
Rental income	66,011		66,011
Investment return - Net	12,320	20,729	33,049
Net change in assets held by others - Endowment		19,244	19,244
Other - Net	2,034		2,034
Net assets released from restrictions - Operating	<u>212,808</u>	<u>(212,808)</u>	
Total revenue and support	<u>1,153,987</u>	<u>39,961</u>	<u>1,193,948</u>
EXPENSES			
Program services	907,530		907,530
Management and general	242,187		242,187
Fundraising	<u>88,649</u>		<u>88,649</u>
Total expenses	<u>1,238,366</u>		<u>1,238,366</u>
CHANGE IN NET ASSETS - OPERATING	(84,379)	39,961	(44,418)
NON-OPERATING ACTIVITIES:			
Change in unfunded pension liability	55,379		55,379
Change in assets held by others - New Building		1,541	1,541
Net assets released from restrictions - New Building	<u>8,300</u>	<u>(8,300)</u>	
CHANGE IN NET ASSETS	(20,700)	33,202	12,502
NET ASSETS - BEGINNING OF YEAR	<u>3,423,427</u>	<u>563,982</u>	<u>3,987,409</u>
NET ASSETS - END OF YEAR	<u>\$ 3,402,727</u>	<u>\$ 597,184</u>	<u>\$ 3,999,911</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	<u>SUPPORTING SERVICES</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 416,896	\$ 131,258	\$ 113	\$ 548,267
Employee benefits	123,961	39,145		163,106
Supplies	102,940	1,632	4,007	108,579
Occupancy	61,657	16,442	4,110	82,209
Professional services	11,899	19,670	24,696	56,265
Israel fellow	39,412			39,412
Wellness grant activities	25,204			25,204
Conferences	17,109	1,688	95	18,892
Maccabee Task Force activities	16,517			16,517
Printing	716	209	6,048	6,973
Office equipment	3,397	1,132		4,529
Service charges			4,439	4,439
Advertising	1,857	1,130	1,255	4,242
Grants for summer internship program	4,000			4,000
Telephone	2,338	585		2,923
Transportation	2,113	304		2,417
Postage		133	1,034	1,167
Website and information technology	586	51		637
Miscellaneous		380		380
Subscriptions and publications	135			135
Staff recruitment	81			81
	<u>830,818</u>	<u>213,759</u>	<u>45,797</u>	<u>1,090,374</u>
Depreciation	<u>78,804</u>	<u>21,014</u>	<u>5,254</u>	<u>105,072</u>
	<u>\$ 909,622</u>	<u>\$ 234,773</u>	<u>\$ 51,051</u>	<u>\$ 1,195,446</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	SUPPORTING SERVICES			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and wages	\$ 367,714	\$ 143,424	\$ 53,127	\$ 564,265
Employee benefits	103,513	32,633	10,747	146,893
Maccabee Task Force activities	113,546			113,546
Supplies	95,195	1,065	3,471	99,731
Occupancy	56,173	14,979	3,745	74,897
Professional services	12,553	21,691	1,803	36,047
Israel fellow	34,573			34,573
Wellness grant activities	16,530			16,530
Conferences	9,550	4,552	134	14,236
Advertising	3,065		2,110	5,175
Printing	2,239	76	2,823	5,138
Grants for summer internship program	5,000			5,000
Office equipment	3,286	1,096		4,382
Service charges			3,867	3,867
Transportation	2,802	89	286	3,177
Telephone	1,682	421		2,103
Postage	330	119	1,281	1,730
Miscellaneous		949		949
Website and information technology	817	71		888
Subscriptions and publications	109			109
Staff recruitment	22			22
	<u>828,699</u>	<u>221,165</u>	<u>83,394</u>	<u>1,133,258</u>
Depreciation	<u>78,831</u>	<u>21,022</u>	<u>5,255</u>	<u>105,108</u>
	<u>\$ 907,530</u>	<u>\$ 242,187</u>	<u>\$ 88,649</u>	<u>\$ 1,238,366</u>

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

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ 54,053	\$ 12,502
Noncash items included in operations:		
Depreciation	105,072	105,108
Realized and unrealized gain on investments - Net	(36,448)	(23,446)
Change in assets held by others - Net	(32,626)	(19,980)
Change in accrued pension liability	(37,969)	(55,379)
Increase (decrease) in cash and cash equivalents and restricted cash caused by changes in current items:		
Receivables	(13,866)	19,546
Other assets	(14,196)	(3,232)
Accounts payable and accrued expenses	5,146	17,758
Maccabee Task Force refundable advance	91,279	(6,089)
Net cash provided from operations	<u>120,445</u>	<u>46,788</u>
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES		
Distribution from assets held by others - New Building	7,700	8,300
Purchase of property and equipment		(4,700)
Purchases of investments	<u>(2,460)</u>	<u>(1,236)</u>
	<u>5,240</u>	<u>2,364</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	125,685	49,152
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	<u>482,992</u>	<u>433,840</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 608,677</u>	<u>\$ 482,992</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

The Cleveland Hillel Foundation, Incorporated (the Foundation) was established in June 1947, as a not-for-profit organization under the laws of Ohio and is tax exempt under Internal Revenue Code Section 501(c)(3). The primary purpose of the Foundation is to provide cultural, social, and religious programming, while maintaining a visible and positive Jewish presence on campus that encourages and expands Jewish identity, values, and commitment among Jewish college students in Northeast Ohio. The Foundation predominately serves undergraduate, graduate, and professional students attending Case Western Reserve University (CWRU), Cleveland State University, and Oberlin College. On a more limited basis, it also serves Cleveland Institute of Art, Cleveland Institute of Music, Cuyahoga Community College, John Carroll University, Ursuline College, Notre Dame College, Baldwin-Wallace University, and Lakeland Community College. The Foundation also provides a Summer Internship Program and summer social events for Cleveland-based students, and programming for Cleveland based young professionals. The Foundation receives an allocation from the annual campaign of Jewish Federation of Cleveland (the Federation) and follows certain guidelines established by the Federation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation's financial statements have been prepared as recommended by the American Institute of Certified Public Accountants' (AICPA) Audit and the Accounting Guide for Not-for-Profit Organizations. The audit guide includes the requirements of Financial Accounting Standards Board (FASB) Codification, Financial Statements of Not-for-Profit Organizations. Under Generally Accepted Accounting Principles (GAAP), the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions.

Cash and Cash Equivalents and Restricted Cash

The Foundation considers all short-term investments that have a maturity of three months or less at the date of purchase to be cash equivalents. Restricted cash represents the amount of cash on hand received from CWRU for donations to the campaign for the Foundation's building. Funds are used for building improvements and fees.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statements of financial position to the statements of cash flows as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 604,863	\$ 479,178
Restricted cash for building	<u>3,814</u>	<u>3,814</u>
	<u>\$ 608,677</u>	<u>\$ 482,992</u>

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard - Allowance for Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB Accounting Standards Codification [ASC] 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 are accounts receivable.

The Foundation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Accounts Receivable and Allowance for Credit Losses

The Foundation primarily collects from rental fees that are classified as exchange transactions. Its accounts receivables associated to these services are not significant at June 30, 2024. Since the Foundation's trade receivables are largely similar, the Foundation evaluates its allowance for credit losses as one portfolio segment. Accounts receivable are uncollateralized customer obligations due generally requiring payment within 30 days from the invoice date. The Foundation does not charge interest on unpaid accounts receivable balances. Accounts receivable are stated at the amount expected to be collected.

At each statement of financial position date, the Foundation considers an expected allowance for credit losses. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. The allowance estimate is derived from a review of the Foundation's historical losses based on the aging of receivables. The estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Foundation. The Foundation believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Foundation's portfolio segment has remained consistent since the Foundation's inception.

The Foundation writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Foundation's accounting policy election. Write-offs during the fiscal year end 2024 were not significant to the financial statements as a whole.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses (Continued)

Prior to the adoption of ASC 326, the carrying amount of accounts receivable was reduced by a valuation allowance that reflected management's best estimate of the amounts that would not be collected. Management individually reviewed all overdue accounts receivable, and based on an assessment of current creditworthiness, estimated the portion, if any, of the balance that would not be collected. Additionally, management estimated an allowance for the aggregate remaining accounts receivable based on historical collectability. Balances that were still outstanding after management had used reasonable efforts to collect were written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges and Grants Receivable

The Foundation reports pledges and grants receivable at net realizable value. Management determines the allowance for pledges and grants receivable based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these pledges and grants receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings. No allowance is recorded for pledges and grants receivable at June 30, 2024 and 2023.

Property and Equipment

Depreciation of property and equipment is provided by use of the straight-line method over the estimated useful lives of the assets. Donated property is recorded at the estimated fair value of the asset at the time of donation. Assets greater than \$2,500 are capitalized. Expenditures for minor equipment, maintenance, and repairs are charged to expense as incurred. Estimated useful lives are as follows:

Buildings and improvements	5 - 40 years
Furniture and equipment	5 years

During the years ended June 30, 2024 and 2023, depreciation expense was \$105,072 and \$105,108, respectively.

Impairment of Long-Lived Assets

The Foundation reviews its property and equipment for impairment whenever events or changes indicate that its carrying value of the long-lived assets may not be recoverable. In cases where the Foundation does not expect to recover its carrying costs, an impairment charge is recorded in accordance with accounting guidance on the impairment of long-lived assets. The Foundation did not record any impairment of property and equipment during 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income

The Foundation reports investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position. Investment income and gains or losses on donor restricted gifts are deemed to follow the restriction on the original gift. Gains and losses on investments are included in the statements of activities.

Assets Held by Others - Endowment

The Foundation is a beneficiary of three funds held by the Federation: Louis E. Emsheimer Hillel Arts Memorial Fund, George B. and Elsa Golden Memorial Lecture Fund, and the Ruth and Phil Hoffman Memorial Endowment Fund. The Foundation receives distributions for various purposes from these funds. The corpus is recorded as assets with donor restrictions (see Note 8).

Assets Held by Others - New Building

The Foundation is a beneficiary of funds being held by CWRU for the purpose of a new student center for the Foundation (see Note 4). Changes to these funds have been reflected as non-operating support on the statements of activities. At June 30, 2024 and 2023, these funds consist of the discounted present value of pledge commitments received by CWRU and cash collected by CWRU on pledge commitments, net of draws.

Revenue Recognition

The Foundation's revenues from exchange transactions primarily result from program and rental fees. The Foundation recognizes revenue when it satisfies its performance obligation under the contract by providing programming or as the customer obtains control of the product or service. Revenues from exchange transactions are considered to have a single performance obligation that is met at a point in time. Revenues from exchange transactions during the years ended June 30, 2024 and 2023, amounted to \$71,151 and \$71,236, respectively.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

The Foundation reports gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Endowment contributions and related investments are restricted by the donor and recorded in net assets with donor restrictions. Investment earnings are recorded in net assets with donor restrictions and are released from restrictions when those amounts are appropriated for expenditure by the Foundation.

The Foundation reports gifts of land, buildings, and equipment at fair value at the date of donation as increases in net assets 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 increases in net assets with donor restrictions. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

During the years ended June 30, 2024 and 2023, conditional promises to give consist of cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualified expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2024 and 2023, the Foundation has four cost-reimbursable grants that have not been fully recognized because qualifying expenditures have not yet been incurred, and advance payments of \$109,233 and \$17,954, respectively, are recorded in the statement of financial position as a refundable advance. Grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Foundation with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. No funds were required to be returned during 2024 or 2023.

Donated Services

A substantial number of volunteers donate significant amounts of time to the Foundation's program services. However, in most cases no amounts are reported in the financial statements for donated services since no objective basis is available to measure the value of such services. Donated services are recorded when an objective value can be determined. The Foundation did not record any donated services in 2024 or 2023.

Throughout the year, Oberlin College provides to its students, free of charge, resources that further the Foundation's mission. For instance, from time to time, Oberlin College provides meeting space, subsidized speakers, and programming costs under Oberlin Student Hillel Organization, which is an authorized student organization registered through Oberlin College. These costs are not the obligation of the Foundation and, therefore are not reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The statement of functional expenses presents expenses by function and classification. Expenses specifically attributable to a specific function are reported as expenses of that functional area. All items that benefit multiple functional areas (indirect costs) have been allocated based on pro-rata basis of actual salaries to total salaries. Building related costs are allocated based on share of the building used (square footage).

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$4,242 and \$5,175 for the years ended June 30, 2024 and 2023, respectively.

Income Tax Status

The Internal Revenue Service has ruled that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present Federal income tax laws. The Foundation is classified as an exempt organization under section 509(a)(1).

The Foundation follows the accounting guidance for uncertainty in income taxes. The Foundation's income tax filings are subject to audit by various taxing authorities. In evaluating the Foundation's activities, the Foundation believes its position of tax-exempt status is current based on current facts and circumstances. The Foundation has further assessed that there are no material activities unrelated to the purpose of the Foundation and, therefore, no material tax is to be recognized in the accompanying financial statements as of June 30, 2024 and 2023.

It is the policy of the Foundation to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the years ended June 30, 2024 and 2023.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and investments in Federation pooled investment funds. The Foundation maintains its cash and cash equivalents with financial institutions. At times, amounts may exceed federally insured limits. Investment securities are exposed to various risks such as interest rate, market volatility, and credit.

During the years ended June 30, 2024 and 2023, the Foundation received 55% and 56% of total support (operating and non-operating support and revenue), respectively, from the Federation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and disclosed in the footnotes. Accordingly, actual results could differ from those estimates, and such differences may be material.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation.

Subsequent Events

The Foundation has evaluated subsequent events through October 15, 2024, which is the date the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the endowment. The Foundation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 283,607	\$ 286,209
Cash equivalents	<u>321,256</u>	<u>192,969</u>
	604,863	479,178
Receivables:		
Pledges, grants and other, without donor restrictions	<u>40,132</u>	<u>30,766</u>
Financial assets available to meet cash needs for general expenditures within one-year	<u>\$ 644,995</u>	<u>\$ 509,944</u>

The Foundation manages its liquid resources by focusing on investing excess cash, typically cash received with donor restrictions, in a money market account. The Foundation receives a substantial portion of its support from the Federation on a monthly basis so that operating cash needs are met in a timely manner.

4. BUILDING

CWRU and the Foundation have a memo of understanding, whereby CWRU agreed to assist in a campaign to raise funds on behalf of the Foundation to support the renovation of the new building. The present value of pledges received in relation to this campaign and cash collected to date, net of draws, have been reflected on the statement of financial position as Assets held by others - New Building.

In accordance with the terms of the agreement with CWRU, CWRU agreed to provide the Foundation with certain infrastructure and support services in the Albert and Norma Geller Hillel Student Center (Geller Building). Therefore, costs were incurred in conjunction with the construction for which CWRU reimbursed the Foundation.

NOTES TO THE FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are those that market participants would use in measuring investments at fair value based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in measuring investments at fair value based on the best information available in the circumstances. Investments are measured and disclosed in one of the three levels based on the reliability of inputs:

- Level 1 Valuations based on quoted market prices in active markets for identical investments as of the reporting date.
- Level 2 Valuations based on other than quoted market prices in active markets, dealer or broker markets. Fair values are primarily obtained from third party pricing services for similar investments as of the reporting date.
- Level 3 Valuations derived from other methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, dealer, or broker-traded transactions. The determination of fair value requires significant management judgment or estimation.

Level 3 valuations incorporate certain assumptions and projections that are not observable in the market in determining the fair value for investments and assets held by others as of the reporting date. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

The following is a description of the valuation techniques used for investments and assets held by others measured at fair value:

Cash Equivalents

Cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Jewish Federation of Cleveland Pooled Funds

The Federation Money Fund and Main Investment Fund (MIF) are pooled investment funds managed by the Federation and are not insured.

Money Fund

The Money Fund is comprised primarily of investments in U.S. Treasuries, federally insured certificates of deposit, bank deposits, government-backed mortgage-backed securities, and Israel bonds. The Federation establishes a payout rate at the beginning of each quarter. During fiscal year 2024, the payout ranged from 3.50% - 4.00% and during fiscal year 2023 the payout ranged from 1.00% - 3.00%.

NOTES TO THE FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS (Continued)

Jewish Federation of Cleveland Pooled Funds (continued)*Main Investment Fund*

MIF is comprised primarily of fixed income and equity investments. Certain assets that are held in common trust funds are valued based on the net asset value of the units held. The MIF also includes alternative investments, which invest primarily in public and private equities, private debt and real estate. The alternative investments are valued based on reports provided by investment managers and the Federation has not changed fair value pricing methodology. Because of the inherent uncertainty of the valuations, the fair values may differ significantly from values that would have been used had a ready market for these investments existed, and the differences could be material.

MIF private equity, private debt, and private real estate investments have a target allocation of 35% of the MIF pool. These investments totaled 18.5% of the MIF portfolio as of June 30, 2024, and 16.4% as of June 30, 2023. MIF absolute return and hedge fund strategies have a target allocation of 22% of the MIF pool. These investments totaled 21.8% of the MIF portfolio as of June 30, 2024, and 18.6% as of June 30, 2023. The Foundation is credited a pro rata share of investment returns based upon units of ownership interest.

Investments in the pooled investments (Money Fund and MIF) held by the Foundation are invested by the Federation in various investments with a number of investment managers, which use an array of different investment strategies. The Foundation has a unitized ownership interest in these pools and does not have direct ownership of the underlying investments. The fair value of the pooled investments held by the Foundation is based on the number of units held at year end. For the fiscal years ending June 30, 2024 and 2023, investments in the Money Fund are classified within Level 2 of the fair value hierarchy, and investments in the MIF are classified within Level 3 of the fair value hierarchy.

Investments in MIF are classified within Level 3 as they have significant unobservable inputs, are not traded in an active market, are subject to liquidity restrictions, generally requiring ninety-five days' notice prior to the end of a calendar quarter, and are non-transferable. While the Federation believes their valuation method is appropriate, 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.

Assets Held by Others - Endowment

In accordance with GAAP, the Foundation recognizes its interest in the assets held by others that have underlying investments as Level 3 within the fair value hierarchy. These assets are generally held in the pooled investment funds managed by the Federation.

NOTES TO THE FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS (Continued)

Jewish Federation of Cleveland Pooled Funds (continued)

The following investments are measured at fair value on a recurring basis during the years ended June 30, 2024 and 2023, using unadjusted quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 321,256			\$ 321,256
Investments				
Federation Money Fund		\$ 13,552		13,552
Federation Main				
Investment Fund			\$ 300,901	300,901
Assets held by others -				
Endowments			262,592	262,592
	<u>\$ 321,256</u>	<u>\$ 13,552</u>	<u>\$ 563,493</u>	<u>\$ 898,301</u>
	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 192,969			\$ 192,969
Investments				
Federation Money Fund		\$ 11,091		11,091
Federation Main				
Investment Fund			\$ 264,454	264,454
Assets held by others -				
Endowments			232,445	232,445
	<u>\$ 192,969</u>	<u>\$ 11,091</u>	<u>\$ 496,899</u>	<u>\$ 700,959</u>

The following is the Level 3 activity for the years ending June 30, 2024 and 2023:

	2024	2023
Beginning balance	\$ 496,899	\$ 240,366
Unrealized gain	66,962	19,785
Income, fees, and withdrawals - Net	(368)	(1,347)
Transfers in		238,095
Ending balance	<u>\$ 563,493</u>	<u>\$ 496,899</u>

NOTES TO THE FINANCIAL STATEMENTS

6. ENDOWMENTS

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Foundation's endowments consist of three individual funds identified as assets held by others-endowment and disclosed more fully in Note 2. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors (the Board) of the Foundation believes that absent explicit donor stipulations to the contrary, fiduciary standards require the preservation of the "historic dollar value" of donor-restricted endowment funds. Historic dollar value as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unless the gift instrument creating a donor-restricted endowment fund expressly provides otherwise, the Board of the Foundation may, as provided in Ohio UPMIFA, from time to time, appropriate for expenditure such portion of the net assets with donor restrictions as the Board of Foundation determines is prudent, after application of the factors set forth below.

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

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of such fund. In accordance with GAAP, there were no deficiencies of this nature as of June 30, 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

6. ENDOWMENTS (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that over time will average the level of the approved Foundation endowment spending rate plus inflation. Actual results in any given year may vary from this desired goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation in order to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowments of the Foundation are all held at the Federation and as such, operate under a spending policy consistent with the Federation. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of:

	<u>June 30, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	<u>\$</u>	<u>\$ 262,592</u>	<u>\$ 262,592</u>
	<u>June 30, 2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	<u>\$</u>	<u>\$ 232,445</u>	<u>\$ 232,445</u>

NOTES TO THE FINANCIAL STATEMENTS

6. ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

Change in endowment net assets for the fiscal years ended June 30, 2024 and 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets			
- June 30, 2022		\$ 214,006	\$ 214,006
Investment return:			
Investment loss		(542)	(542)
Net realized and unrealized gains	<u> </u>	<u>19,786</u>	<u>19,786</u>
Total investment return		19,244	19,244
Appropriation of endowment assets for expenditure	<u> </u>	<u>(805)</u>	<u>(805)</u>
Endowment net assets			
- June 30, 2023		232,445	232,445
Investment return:			
Investment gain		429	429
Net realized and unrealized gains	<u> </u>	<u>30,515</u>	<u>30,515</u>
Total investment return		30,944	30,944
Appropriation of endowment assets for expenditure	<u> </u>	<u>(797)</u>	<u>(797)</u>
Endowment net assets			
- June 30, 2024	<u>\$</u>	<u>\$ 262,592</u>	<u>\$ 262,592</u>

7. PLEDGES AND GRANTS RECEIVABLE

Unrestricted pledges and grants receivable were \$36,337 and \$28,536 at June 30, 2024 and 2023, respectively. All unrestricted pledges and grants receivable are expected to be collected in less than one year.

Restricted pledges and grants receivable represent promises to give that have been made for a particular purpose by donors and/or have not yet been received by the Foundation. Restricted pledges and grants receivable were \$3,000 and \$10,500 at June 30, 2024 and 2023, respectively. All restricted pledges and grants receivable are expected to be collected in less than one year.

NOTES TO THE FINANCIAL STATEMENTS

8. NET ASSETS

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

	<u>2024</u>	<u>2023</u>
Purpose and time restricted:		
Building renovations and operations	\$ 39,141	\$ 44,358
Summer internship	135,348	129,511
Community service, scholarships, and cultural programming	164,178	144,125
Support for the arts	2,857	2,857
Graduate	4,829	4,829
Israel		610
Social justice	12,849	12,849
Student wellness	11,965	
General program	37,416	25,600
Subtotal	<u>\$ 408,583</u>	<u>\$ 364,739</u>

Investment in Perpetuity:

Subject to the Organization's endowment spending - policy and appropriation:

	<u>2024</u>	<u>2023</u>
Community service, scholarships, and cultural programming	\$ 177,740	\$ 156,889
Support for the arts	64,992	57,369
General program	19,860	18,187
Subtotal	<u>262,592</u>	<u>232,445</u>
Total net assets with donor restrictions	<u>\$ 671,175</u>	<u>\$ 597,184</u>

Net assets were released for donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Purpose and time restrictions accomplished:		
Released for operating activities:		
Maccabee Task Force Foundation	\$ 28,127	\$ 125,016
Summer internship	57,163	63,329
Student wellness	13,035	
Graduate		2,279
General program	17,826	22,184
Total restrictions released:	116,151	212,808
Released for non-operating activities:		
Building renovations and operations	7,700	8,300
Total released from restrictions operating and non-operating activities	<u>\$ 123,851</u>	<u>\$ 221,108</u>

NOTES TO THE FINANCIAL STATEMENTS

9. PENSION PLAN

All eligible staff of the Foundation who met the eligibility requirements on or before January 1, 2009, were included in The Jewish Federation of Cleveland Employees' Retirement Plan (the Plan), a multi-employer defined benefit church plan that was either contributory or non-contributory, based on the date of enrollment and election of the employee. In April 2009, the Federation Board of Trustees took action to freeze future participation and accruals in the Plan by September 30, 2009. Participating Employers were given a choice of freezing participation for employees on June 30 or September 30, 2009. The Foundation elected to freeze participation for its employees on June 30, 2009.

The Plan is administered by the Federation. Required contributions to the Plan are allocated among the Federation and its agencies, including the Foundation, as calculated by an actuary. The allocation is based principally on actuarial accrued liabilities which reflect the specific demographics of each participating employer in the Plan. The Foundation's policy is to fund its share of these allocated contributions annually. For the years ended June 30, 2024 and 2023, the Foundation has recorded on its statement of activities, pension plan expense of \$33,023 and \$27,518, respectively. These amounts represent contributions made by the Foundation on behalf of its participants and to pay for other expenses of the Plan.

Benefits paid to participants and beneficiaries who were employed at the Foundation were \$101,150 in 2024 and \$98,934 in 2023.

Accrued Pension

The Plan is currently underfunded. As calculated by an actuary, as of June 30, 2024 and 2023, the Foundation's share of the Plan's unfunded liability was \$580,154 and \$618,123, respectively, and is reported on the statements of financial position as an accrued pension liability. The Foundation has recorded on its statements of activities decreases of \$37,969 and \$55,379 in 2024 and 2023 in pension liability, which represent the change in the Foundation's share of the Plan's unfunded liability for the years ended June 30, 2024 and 2023, respectively.

Defined Contribution Plan

As of July 1, 2009, the Foundation began participation in the Jewish Federation of Cleveland 403(b) Retirement Plan (the 403(b) plan). Under this program, employees may defer portions of their salary, and the Foundation may make discretionary non-elective or matching contributions on behalf of its employees. Contributions to the 403(b) plan by the Foundation were \$21,343 and \$26,684 for the years ended June 30, 2024 and 2023, respectively.

10. RENTAL INCOME

The Foundation leases classroom space to CWRU in the Albert and Norma Geller Hillel Student Center at CWRU under the Provision for Joint Use Agreement between CWRU and the Foundation. Rental income under this agreement was \$40,857 for each of the years ended June 30, 2024 and 2023. The Foundation also receives reimbursements of utilities and common area expenses from a kosher kitchen operator, which are included in rental income on the accompanying statement of activities. During the year ended June 30, 2024 and 2023, the Foundation received \$23,454 and \$24,469, respectively, from the kosher kitchen operator.