

DURHAM-CHAPEL HILL JEWISH FEDERATION

D/B/A JEWISH FOR GOOD

Financial Statements

Years Ended September 30, 2023 and 2022

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8 - 9
NOTES TO FINANCIAL STATEMENTS	10 - 29



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Durham-Chapel Hill Jewish Federation
D/B/A Jewish for Good
Durham, North Carolina

Opinion

We have audited the accompanying financial statements of Durham-Chapel Hill Jewish Federation, D/B/A Jewish for Good (the "Federation") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 the Federation as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation 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.

Correction of Error

As discussed in Note 18 to the financial statements, certain errors resulting in overstatements of amounts previously reported for unrestricted net assets as of September 30, 2022, were discovered by management of the Federation during the current year. Accordingly, amounts reported for unrestricted net assets have been restated in the 2022 financial statements now presented, and an adjustment has been made to restricted net assets as of September 30, 2022, to correct the error. Our opinion is not modified with respect to that matter.

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 the Federation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Federation'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 the Federation'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.

Thomas, Judy & Ducker, P.A.

Durham, North Carolina
February 22, 2024

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

(As Restated)

	2023	2022
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,840,139	\$ 1,435,369
Certificates of Deposit	400,000	
Accounts Receivable	143,248	62,298
Pledges Receivable, Net	2,013,507	1,801,787
Prepaid Expenses	34,681	28,914
Investments	4,224,384	3,574,035
Total Current Assets	9,655,959	6,902,403
Pledges Receivable, Net	2,983,904	1,852,418
Property and Equipment, Net	9,383,569	6,707,909
Due From Related Party		397,770
Total Assets	\$ 22,023,432	\$ 15,860,500
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Current Portion of Finance Lease	\$ 33,455	\$ 37,243
Accounts Payable	15,199	37,243
Due to Related Party	250	250
Deferred Revenue	417,199	109,891
Accrued Liabilities	269,638	84,081
Total Current Liabilities	735,741	231,465
Long-Term Liabilities:		
Long-Term Debt, Net	2,611,524	2,598,878
Finance Lease, Net of Current Portion	77,899	
Total Liabilities	3,425,164	2,830,343
Net Assets:		
Without Donor Restrictions:		
Undesignated	6,758,173	4,603,090
Designated	1,403,409	772,232
With Donor Restrictions	10,436,686	7,654,835
Total Net Assets	18,598,268	13,030,157
Total Liabilities and Net Assets	\$ 22,023,432	\$ 15,860,500

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 243,867	\$ 682,163	\$ 926,030
Pledges Income		3,442,851	3,442,851
Grant Income	208,103		208,103
Membership Income	1,266,542		1,266,542
Program Services	1,204,895		1,204,895
Tuition Revenue	471,260		471,260
Rental Income	32,610		32,610
Net Investment Return	64,867	332,732	397,599
Café Sales, Net of Expenses of \$91,888	143,859		143,859
Other Income	94,012		94,012
Special Events Income	32,369		32,369
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	3,762,384	4,457,746	8,220,130
Net Assets Released from Restrictions	<hr/> 2,066,812	<hr/> (2,066,812)	<hr/>
	<hr/>	<hr/>	<hr/>
Total Support, Revenue and Net Assets Released from Restrictions	5,829,196	2,390,934	8,220,130
	<hr/>	<hr/>	<hr/>
Expenses:			
Program:			
Engaging	1,670,579		1,670,579
Healthy Living	1,670,325		1,670,325
Helping	942,231		942,231
Management and General	754,923		754,923
Fundraising	283,197		283,197
	<hr/>	<hr/>	<hr/>
Total Expenses	5,321,255		5,321,255
	<hr/>	<hr/>	<hr/>
Change in Net Assets	507,941	2,390,934	2,898,875
Merger	2,278,319	390,917	2,669,236
Net Assets, Beginning of Year - As Restated	<hr/> 5,375,322	<hr/> 7,654,835	<hr/> 13,030,157
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 8,161,582	\$ 10,436,686	\$ 18,598,268
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022 (As Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 171,924	\$ 653,049	\$ 824,973
Pledges Income		3,671,878	3,671,878
Grant Income	173,736		173,736
Membership Income	1,002,648		1,002,648
Program Services	944,963		944,963
Rental Income	40,664		40,664
Net Investment Return	(82,446)	(868,128)	(950,574)
Café Sales, Net of Expenses of \$65,010	109,070		109,070
Other Income	221,557		221,557
Special Events Income	27,206		27,206
	2,609,322	3,456,799	6,066,121
Net Assets Released from Restrictions	1,506,361	(1,506,361)	
Total Support, Revenue and Net Assets Released from Restrictions	4,115,683	1,950,438	6,066,121
Expenses:			
Program:			
Engaging	1,303,413		1,303,413
Healthy Living	1,303,413		1,303,413
Helping	735,265		735,265
Management and General	619,948		619,948
Fundraising	203,205		203,205
	4,165,244		4,165,244
Change in Net Assets	(49,561)	1,950,438	1,900,877
Net Assets, Beginning of Year - As Previously Stated	5,665,475	5,463,805	11,129,280
Prior Period Adjustment	(240,592)	240,592	
Net Assets, Beginning of Year - As Restated	5,424,883	5,704,397	11,129,280
Net Assets, End of Year	\$ 5,375,322	\$ 7,654,835	\$ 13,030,157

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023

	Program Expenses				Management and General	Fundraising	Total
	Engaging	Healthy Living	Helping	Total			
Advertising Expense	\$ 14,701	\$ 14,701	\$ 8,293	\$ 37,695	\$ 3,945	\$ 2,191	\$ 43,831
Awards and Grants	127,393	127,393	71,862	326,648			326,648
Bad Debt Expense					63,700		63,700
Bank Charges					107,556		107,556
Contract Services	96,144	96,144	54,234	246,522	25,799	14,333	286,654
Depreciation	125,880	125,880	71,009	322,769	33,778	18,766	375,313
Design Planning					12,740		12,740
Fundraising						55,457	55,457
Fundraising Support						4,366	4,366
Insurance	29,358	29,358	16,561	75,277	7,878	4,377	87,532
Interest	35,106	35,106	19,803	90,015	9,420	5,233	104,668
Memberships and Dues	4,748	4,748	2,678	12,174	1,274	708	14,156
Membership Services	74,188	74,188	41,851	190,227	19,907	11,060	221,194
Miscellaneous	41,775	41,521	23,423	106,719	209	92	107,020
Occupancy Expense	95,336	95,336	53,779	244,451	23,550	13,083	281,084
Office Expense	36,084	36,084	20,356	92,524	9,683	5,379	107,586
Postage and Printing	4,882	4,882	2,753	12,517	1,310	728	14,555
Salaries and Fringe Benefits	935,581	935,581	527,763	2,398,925	421,119	140,171	2,960,215
Staff Development	33,427	33,427	18,855	85,709	8,970	4,983	99,662
Technology Expenses	46,041	46,041	25,972	118,054	12,355	6,864	137,273
Travel, Meetings, and Meals	754	754	425	1,933			1,933
Total Expenses	1,701,398	1,701,144	959,617	4,362,159	763,193	287,791	5,413,143
Less Expenses Included with Revenue on the Statement of Activities:							
Café Supplies	30,819	30,819	17,386	79,024	8,270	4,594	91,888
	<u>\$ 1,670,579</u>	<u>\$ 1,670,325</u>	<u>\$ 942,231</u>	<u>\$ 4,283,135</u>	<u>\$ 754,923</u>	<u>\$ 283,197</u>	<u>\$ 5,321,255</u>

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022 (As Restated)

	Program Expenses				Management and General	Fundraising	Total
	Engaging	Healthy Living	Helping	Total			
Advertising Expense	\$ 13,741	\$ 13,741	\$ 7,752	\$ 35,234	\$ 3,687	\$ 2,049	\$ 40,970
Awards and Grants	211,816	211,816	119,487	543,119			543,119
Bad Debt Expense					21,091		21,091
Bank Charges					84,753		84,753
Contract Services	56,880	56,880	32,087	145,847	15,263	8,479	169,589
Depreciation	91,550	91,550	51,645	234,745	24,566	13,648	272,959
Design Planning					5,567		5,567
Fundraising						49,075	49,075
Fundraising Support						2,054	2,054
Insurance	21,986	21,986	12,403	56,375	5,900	3,278	65,553
Interest	23,109	23,109	13,036	59,254	6,201	3,445	68,900
Memberships and Dues	5,024	5,024	2,834	12,882	1,349	749	14,980
Membership Services	46,596	46,596	26,285	119,477	12,504	6,946	138,927
Miscellaneous	66,988	66,988	37,789	171,765	120,118	5	291,888
Occupancy Expense	71,429	71,429	40,294	183,152	17,176	9,542	209,870
Office Expense	24,269	24,269	13,689	62,227	6,512	3,618	72,357
Postage and Printing	2,587	2,587	1,459	6,633	694	386	7,713
Salaries and Fringe Benefits	636,082	636,082	358,815	1,630,979	286,167	95,265	2,012,411
Staff Development	13,868	13,868	7,824	35,560	3,721	2,067	41,348
Technology Expenses	39,242	39,242	22,138	100,622	10,530	5,850	117,002
Travel, Meetings, and Meals	50	50	28	128			128
Total Expenses	1,325,217	1,325,217	747,565	3,397,999	625,799	206,456	4,230,254
Less Expenses Included with Revenue on the Statement of Activities:							
Café Supplies	21,804	21,804	12,300	55,908	5,851	3,251	65,010
	<u>\$ 1,303,413</u>	<u>\$ 1,303,413</u>	<u>\$ 735,265</u>	<u>\$ 3,342,091</u>	<u>\$ 619,948</u>	<u>\$ 203,205</u>	<u>\$ 4,165,244</u>

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,898,875	\$ 1,900,877
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Contributions Restricted for Endowments	(682,163)	(653,049)
Depreciation	375,313	272,959
Amortization of Debt Issuance Costs	12,646	2,108
Change in Accrued Holding Loss		(47,462)
Realized and Unrealized Loss (Gain) on Investments	(300,860)	991,568
Changes in Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(29,845)	(13,560)
Pledges Receivable, Net of Allowance	(1,343,206)	(2,237,750)
Prepaid Expenses	(456)	205
Other Assets		6,400
Accounts Payable	(23,089)	35,603
Deferred Revenue	77,342	39,769
Accrued Liabilities	140,882	(45,776)
Net Cash Provided by Operating Activities	1,125,439	251,892
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	1,316,062	5,132,113
Acquisitions Upon Merger	540,000	
Purchase of Investments	(1,264,564)	(5,183,861)
Purchase of Certificate of Deposit	(400,000)	
Purchase of Property and Equipment	(565,034)	(363,184)
Net Cash Used by Investing Activities	(373,536)	(414,932)
Cash Flows from Financing Activities:		
Contributions Restricted for Endowments	682,163	653,049
Proceeds of Long-Term Debt		2,660,000
Payments on Long-Term Debt		(2,638,800)
Payment of Deferred Finance Fee		(63,230)
Payments on Finance Lease	(29,296)	(15,841)
Net Cash Provided by Financing Activities	652,867	595,178
Net Increase in Cash and Cash Equivalents	1,404,770	432,138
Cash and Cash Equivalents, Beginning of Year	1,435,369	1,003,231
Cash and Cash Equivalents, End of Year	\$ 2,840,139	\$ 1,435,369

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022
(Continued)

	2023	2022
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ 104,668	\$ 68,900
Schedule of Noncash Investing and Financing Transactions:		
Purchase of Property and Equipment	\$ (3,050,973)	\$
Land Acquired Through Debt Forgiveness	397,770	
Property and Equipment Acquired Through Merger	1,947,519	
Property and Equipment Purchased with Finance Leases	140,650	
Net Purchases of Property and Equipment	\$ (565,034)	\$

See Accompanying Notes

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Operations

The Durham-Chapel Hill Jewish Federation, D/B/A Jewish for Good (the “Federation”) is a not-for-profit corporation organized under the laws of the State of North Carolina in 1998. The Federation was formed to strengthen and enrich the Jewish community locally, in Israel, and throughout the world. The fundraising efforts of the Federation support a broad range of services including direct aid, education, cultural activities, social services, and recreational and social activities for all ages within the community. On July 1, 2023, The Lerner Jewish Community Day School (the “Lerner School”) was merged into the Federation.

The Federation fulfills its mission by focusing its efforts in these three primary service areas:

Engaging: Our programs are crafted to captivate people of all ages and interests, people from all backgrounds and belief systems. In so doing, we allow our Jewish culture to show and shine. These programs include Summer Camp, Elementary and Preschool, Afterschool and Enrichment Programs, Adult Programs, Israel Center programs, Café goodies like challah and babka, Midrasha and Teen programs, PH Library, and much more.

Healthy Living: It’s not just that each of us is welcome here. We belong here. Everything from the building to the services and friendly faces communicates that to our members. Taking care of the whole person also involves prioritizing physical activity and healthy eating. These programs include Fitness Classes, Personal Training, Pilates, Massage, Membership, Aquatics, and Childcare.

Helping: Jewish values transcend typical good-doing. We go above and beyond in our love, acceptance, and support. We fight for what’s right, offer help, speak up, and stand out. This includes emergency financial assistance, mental health counseling and memory care support, food pantry assistance, Chaverim, BRIDGES inclusion programming, outside allocations to a host of community organizations, Jewish Community Foundation programming, and much more.

Basis of Presentation

The financial statements of the Durham-Chapel Hill Jewish Federation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Federation to report information regarding its financial position and activities according to the following net asset classifications:

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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 Federation. 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 and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or 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 statement of activities.

Contributions, Grants and Bequests

Contributions are recognized when the donor makes a promise to give to the Federation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Bequests are recorded when the amount and rate of payment is probable.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discount rate on those amounts is 3.09%. Amortization of the discounts would be included in contribution revenue. The Federation has determined that at September 30, 2023 and 2022, the adjustment to net present value was \$(217,753) and \$(141,549), respectively.

The Federation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made and the uncollectible amounts are charged as a loss in the statement of activities. At September 30, 2023 and 2022, the allowance for uncollectible promises to give was \$36,000.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Federation accounts for revenue from contracts with customers in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. The unit of account in ASC 606 is a performance obligation. At the inception of each contract with a customer, the Federation determines the performance obligations under the contract and the contract’s transaction price. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is defined as the unit of account. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

Membership Dues

Revenues from membership dues are recognized as performance obligations and satisfied over time. Management considers recognizing revenue evenly on a monthly basis to be the best available measure of progress on these contracts.

Program Services

The Federation enters into contracts with customers to provide various program services. Revenue from these programs are recognized over time as the program services commence and the Federation satisfies the performance obligation.

Tuition

Revenues from tuition are recognized as performance obligations are satisfied over time as services are provided by the Federation. This measurement is used because management considers it to be the best available measure of progression of these contracts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers cash on hand, cash in demand deposit accounts, and all short-term debt securities with a maturity of three months or less to be cash equivalents. The Federation had \$321,355 and \$1,243,703 of cash equivalents at September 30, 2023 and 2022, respectively.

Certificate of Deposit

Certificate of deposit are recorded at cost plus accrued interest. In September of 2023, the Federation opened a \$400,000 certificate of deposit with an interest rate of 4.8% and a 180-day term with maturity in March of 2024. As of September 30, 2023, the Federation’s certificate of deposit balance was \$400,000.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated securities are recorded at their fair values on the dates of the gifts and, except where otherwise required by the donor or Board of Directors, are immediately sold by the Federation.

Deferred Revenue

Deferred revenue results from the School recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until the instruction commences. Deferred revenue totaled \$417,199 and \$109,891 at September 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services based on percentages provided by management. All other expenses are directly identified with either programs or in administration or fundraising.

The expenses that are allocated include the following:

Expense	Method of Allocation
Advertising Expense	Time and effort
Awards and Grants	Time and effort
Bank Charges	Time and effort
Contract Services	Time and effort
Depreciation	Square Footage
Design Planning	Time and effort
Fundraising	Time and effort
Fundraising Support	Time and effort
Insurance	Time and effort
Interest	Square Footage
Memberships and Dues	Time and effort
Membership Services	Time and effort
Miscellaneous	Time and effort
Occupancy Expense	Square Footage
Office Expense	Time and effort
Postage and Printing	Time and effort
Salaries and Fringe Benefits	Time and effort
Staff Development	Time and effort
Technology Expenses	Time and effort
Travel, Meetings, and Meals	Time and effort

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Federation is exempt from income taxes as a not-for-profit religious organization under IRS code section 501(c)(3). In addition, the Federation has been approved under Internal Revenue Code for recognition as a public charity and not as a private foundation.

Accounting for Uncertainty in Income Taxes

As of September 30, 2023, the Federation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Federation is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

Property and Equipment

It is the Federation's policy to capitalize property and equipment with an original cost or donated value of \$2,500 or more and an estimated useful life of more than one year. Purchased property and equipment are carried at cost. Donations of equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. In the absence of such stipulations, contributions of equipment are recorded as unrestricted assets. Depreciation and amortization are computed using the straight-line method over the estimated useful lives as follows:

Buildings and Improvements	39	years
Furnishings and Equipment	5 - 7	years
Website Costs	5	years
Software	5	years

Depreciation expense totaled \$375,313 and \$272,959 for the years ended September 30, 2023 and 2022, respectively.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from those estimates.

Advertising

The Federation expenses advertising costs when incurred. Advertising expense totaled \$43,831 and \$40,970 for the years ended September 30, 2023 and 2022, respectively.

Risks and Uncertainties

The Federation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties (Continued)

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Grant Revenue

Under the provisions of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, the Federation was eligible for a refundable employee retention credit (“ERC”) subject to certain criteria. The Federation received tax credits of \$849,780 under the ERC provisions for qualified wages through December 31, 2021. The amount is included in grant income on the accompanying statement of activities for the year ended September 30, 2023.

New Accounting Pronouncements

The Company adopted the provisions of FASB ASU No. 2016-02, *Leases* (Topic 842), on October 1, 2022. Topic 842 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities on the statement of financial position for the rights and obligations created by leases that extend more than twelve months.

2. Concentrations of Credit Risk

The Federation occasionally maintains deposits in excess of federally insured limits. These are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Federal Deposit Insurance Corporation insures up to \$250,000 for all accounts held at a single institution. As of September 30, 2023, the Federation’s uninsured cash balance was \$2,450,720.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

3. Availability and Liquidity

The following represents the Federation’s financial assets at September 30, 2023:

Cash and Cash Equivalents	\$ 2,840,139
Certificate of Deposit	400,000
Accounts Receivable	143,248
Current Pledges Receivable, Net	2,013,507
Investments	<u>4,224,384</u>
 Total Financial Assets	 9,621,278
 Less Amounts not Available to Meet General Expenditures over the Next Twelve Months:	
Net Assets with Donor Restrictions	7,452,782
 Quasi Endowment Established by the Board	 <u>391,565</u>
 Financial Assets Available to Meet General Expenditures over the Next Twelve Months	 <u>\$ 1,776,931</u>

The Federation’s endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors (the “Board”) as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Federation’s board-designated endowment of \$391,565 is subject to the Board’s spending policy as described in Note 5. Although the Federation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

The Federation’s liquidity policy is to maintain cash reserves that cover three months of average recurring operating costs. As part of that liquidity plan, the Federation has a \$250,000 line of credit available to meet cash flow needs (see Note 10).

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

4. Pledges Receivable

Pledges receivable consist of the following at September 30:

	2023	2022
Less Than One Year	\$ 2,029,507	\$ 1,817,787
One to Five Years	3,221,657	1,570,983
More Than Five Years	5,251,164	442,984
Less Adjustment to Net Present Value	(217,753)	(141,549)
Less Allowance for Uncollectible Accounts	(36,000)	(36,000)
	\$ 4,997,411	\$ 3,654,205

5. Cash and Investments Held in Endowments

Cash and investments in endowments includes endowment funds with donor restrictions. These funds are managed by an investment manager and at September 30, 2023 and 2022 were invested in money market funds, fixed income securities and mutual funds. As required by U.S. 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 – North Carolina G.S. 116, Chapter 36E, *Uniform Prudent Management of Institutional Funds Act (“UPMIFA”)* was signed into law March 2009 and is applied to the Federation’s endowment funds existing at September 30, 2023 and 2022. The Board of Directors interprets UPMIFA as requiring the preservation of the fair value of the original endowment gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation and subject to the donor restrictions, the Federation classifies as permanently restricted net assets (a) the original value of endowment gifts donated to the permanent endowment, (b) the original value of subsequent endowment gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

5. Cash and Investments Held in Endowments (Continued)

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

1. The duration and preservation of the fund
2. The purposes of the Federation and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Federation
7. The investment policies of the Federation

Beginning and ending values and changes in Board-designated endowments without donor restrictions were as follows for the years ended September 30:

Endowment net assets as of September 30 consist of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Donor Restricted	\$ 391,565	\$ 4,040,734	\$ 391,565 4,040,734
Total	<u>\$ 391,565</u>	<u>\$ 4,040,734</u>	<u>\$ 4,432,299</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Donor Restricted	\$ 372,232	\$ 3,434,193	\$ 372,232 3,434,193
Total	<u>\$ 372,232</u>	<u>\$ 3,434,193</u>	<u>\$ 3,806,425</u>

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

5. Cash and Investments Held in Endowments (Continued)

Changes in the endowment net assets for the years ended September 30 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Fund Net Assets, September 30, 2021	\$ 474,151	\$ 4,039,704	\$ 4,513,855
Investment Loss, Net	(82,446)	(868,128)	(950,574)
Contributions	225	653,049	653,274
Distributions	<u>(19,698)</u>	<u>(390,432)</u>	<u>(410,130)</u>
Endowment Fund Net Assets, September 30, 2022	372,232	3,434,193	3,806,425
Investment Gains, Net	39,170	332,732	371,902
Acquisitions Upon Merger		390,917	390,917
Contributions		682,163	682,163
Distributions	<u>(19,837)</u>	<u>(799,271)</u>	<u>(819,108)</u>
Endowment Fund Net Assets, September 30, 2023	<u>\$ 391,565</u>	<u>\$ 4,040,734</u>	<u>\$ 4,432,299</u>

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 Federation to retain as a fund of perpetual duration. Deficiencies of this nature are reported as negative net assets without donor restrictions in the schedules above. There were no deficiencies at September 30, 2023 and 2022.

Total endowment assets (both with donor restrictions and without donor restrictions) consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Investments	\$ 4,224,384	\$ 3,574,035
Cash	<u>207,915</u>	<u>232,390</u>
Total	<u>\$ 4,432,299</u>	<u>\$ 3,806,425</u>

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

5. Cash and Investments Held in Endowments (Continued)

The ultimate responsibility for managing the cash and investments of the Federation rests with the Board of Directors, which may delegate responsibility to the Federation Investment Committee of the Board of Directors.

Investment Objectives – The investment objective is to achieve a competitive rate of total return on assets over multi-year periods in order to preserve the real value of the Federation’s assets and support the Federation’s long-term needs. Total return is defined as income plus realized and unrealized gains, less realized and unrealized losses and expenses.

Spending Policy – For net assets without donor restrictions and net assets with donor restrictions, appropriations will be made as needed to satisfy the restrictions.

6. Investments

The following schedule summarizes the investments on the statements of financial position at September 30:

	2023	2022
Fixed Income Securities	\$ 1,588,609	\$ 2,382,733
Mutual Funds	2,635,775	1,191,302
Total Investments at Fair Value	\$ 4,224,384	\$ 3,574,035

The following schedule summarized the investment return in the statements activities for the years ended September 30:

	2023	2022
Interest and Dividends	\$ 129,340	\$ 70,064
Realized and Unrealized Gains (Losses)	300,860	(991,569)
Investment Fees	(32,601)	(29,069)
	\$ 397,599	\$ (950,574)

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

7. Fair Value Measurements

The FASB established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The accrued holding loss on the interest rate swap agreement had a fair value of \$0 at September 30, 2023 and 2022, and is considered a level 2 measurement for fair value purposes. The interest rate swap was terminated in June 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of September 30, 2023 and 2022, all investments are assessed at Level 1.

Changes in Fair Value Levels – The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Change in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. There have been no changes in Level 1 and no changes in valuation techniques for these assets and liabilities for the years ended September 30, 2023 and 2022.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

8. Property and Equipment

Property and equipment consists of the following at September 30:

	2023	2022
Land	\$ 976,212	\$ 421,898
Buildings and Improvements	11,523,458	8,332,175
Furnishings and Equipment	985,288	591,316
Website Costs	28,710	28,710
Vehicles	22,620	
Construction in Progress	807,799	345,325
Total Property and Equipment	14,344,087	9,719,424
Less: Accumulated Depreciation	4,960,518	3,011,515
Property and Equipment, Net	\$ 9,383,569	\$ 6,707,909

9. Long-Term Debt

The Federation's long-term debt as of September 30 consists of the following:

	2023	2022
<p>Note payable to a bank for \$2,660,000, dated August 10, 2022, maturing August 10, 2027. Interest accrues at a rate of 3.09%. For the first 30 months, monthly interest-only payments are due, with combined principal and interest payments of \$25,848 per month starting March 2025, and with final payment of all unpaid amounts in August 2027. The note is collateralized by the deed of trust on property.</p>	\$ 2,660,000	\$ 2,660,000

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

9. Long-Term Debt (Continued)

The aggregate maturities of the long-term debt are as follows:

	Year Ending September 30	Amount
	2024	\$
	2025	134,019
	2026	235,435
	2027	2,290,546
		2,660,000
Less Unamortized Debt Issuance Costs		(48,476)
		\$ 2,611,524

The carrying value of pledged assets under the Federation's long-term debt was \$9,383,569 and \$6,707,909 as of September 30, 2023 and 2022, respectively.

The note payable has certain restrictive covenants. At September 30, 2023 and 2022, all restrictive covenants were met.

The Federation had an interest rate swap agreement with a bank to reduce exposure to adverse and unanticipated changes in interest rates. The agreement was an amortizing swap, which included an initial notional amount of \$2,488,800, for five years to pay a fixed rate of 2.75% and receive a variable rate of 68% of the one-month LIBOR rate plus 1.12% (2.91% at September 30, 2023). The swap agreement matured in June of 2022. For years ended September 30, 2023 and 2022, the amount paid on the swap agreement was \$0.

Subsequent to year end, on December 22, 2023, The Federation obtained a note payable to a bank for \$6,856,000. See Note 21.

10. Line of Credit

The Federation had a line of credit in the amount of \$250,000 with a bank. Interest only was due monthly at the Lender's Prime Rate minus 0.75% with an interest rate floor of 2.50% (7.75% at September 30, 2023). The line matured in August of 2022. In September of 2022, the Federation opened a new line of credit in the amount of \$250,000 with a bank. Interest only is due monthly at the Daily Secured Overnight Financing Rate + 2.00% (7.61% at September 30, 2023). The line matures September 9, 2024. The balance due on both lines of credit at September 30, 2023 and 2022 was \$0.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

11. Finance Lease Obligation

The Federation leased equipment under a finance lease. The finance lease expired in March of 2022. In November of 2022, the Federation entered into a new finance lease for similar equipment. The lease requires monthly principal and interest payments of \$3,452.

The following is an analysis of the leased assets included in property and equipment at September 30:

	2023	2022
Furnishings and Equipment	\$ 140,650	\$
Less accumulated amortization	32,232	
	\$ 108,418	\$

The following is a schedule by years of future minimum lease payments required under the finance lease together with their present value as of September 30, 2023:

2024	\$ 41,435
2025	41,435
2026	41,435
2027	3,453
Total minimum lease payments	127,758
Less amount representing interest	16,404
Present value of minimum lease payments	\$ 111,354

12. Operating Lease

The Federation leases a copier on a month-to-month basis with monthly payments of \$239. In July 2023, the Federation assumed the lease of a copier under a noncancelable operating lease agreement expiring in March 2027 from the Lerner School. Monthly lease payments are \$1,364. Rent expense related to these operating leases totaled \$8,892 and \$3,263 for the years ended September 30, 2023 and 2022, respectively. Future lease payments are \$16,367 for the years ending September 30, 2024, 2025, and 2026 and \$8,183 for the year ending September 30, 2027. Management has determined that the effect of transitioning the accounting for the operating leases to ASC 842 would be immaterial to the financial statements. Therefore ASC 842 has been adopted for finance leases (Note 11) but has not been adopted for operating leases.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

13. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at September 30:

	<u>2023</u>	<u>(As Restated)</u> <u>2022</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors	<u>\$ 4,997,411</u>	<u>\$ 3,654,205</u>
Subject to expenditures for specific purpose:		
Building for Good	1,290,600	476,946
Future Campaigns	77,306	48,730
Miscellaneous	<u>30,636</u>	<u>33,631</u>
	<u>1,398,542</u>	<u>559,307</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Available for General Use	927,245	757,436
Teen Charity Matching Grant	80,706	71,751
Israel Center	43,347	31,858
Federation Starting Funds for New Initiatives	33,906	2,146
Jewish Burial Expenses for Those in Need	22,772	20,245
Annual Leadership Development Scholarship	11,711	10,353
Community Midrasha	7,564	13,182
JCRC and Ministeries Conference	8,350	8,771
Beth El Families Annual Camp Scholarships	82,917	28,751
Israel Experience Scholarship Fund	7,381	42,695
JCDS Scholarship Fund	42,964	6,872
Annual Holocaust Essay Contest	<u>3,524</u>	<u>71,461</u>
	<u>1,272,387</u>	<u>1,065,521</u>
Subject to endowment spending policy and appropriation:		
Kehillah Rabbi Position	97,486	93,618
Federation Annual Campaign	88,457	88,955
Facilities Improvements	5,345	5,425
North Carolina Hillel	204,710	205,003
Federation Inclusion	11,441	11,240
Jewish Family Services Programs	52,138	51,885
Annual Israel Travel Scholarship	39,864	38,835

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

13. Net Assets With Donor Restrictions (Continued)

	<u>2023</u>	(As Restated) <u>2022</u>
Beth El 3rd Grade Religious School Teacher	29,265	28,160
Jewish Family Services General	76,775	77,167
Kehillah General	133,680	172,652
Federation Marketing	53,894	54,130
Judea Programming		5,044
Camp Shelanu Scholarships	1,113,014	1,119,481
Annual Social Justice Experience Scholarship	23,420	23,563
Beth El Programming	85,992	86,805
Challah Baking Program	30,679	29,520
Hadera Partnership	16,879	16,953
Lerner Scholarships	25,291	25,448
Local Hadassah	138,875	138,948
Kehillah Programming	30,541	30,675
Fuchs Scholarship	138,024	
Chai Fund	300,391	
Federation Teen Programming	<u>72,185</u>	<u>72,295</u>
	<u>2,768,346</u>	<u>2,375,802</u>
	<u>\$10,436,686</u>	<u>\$ 7,654,835</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	<u>2023</u>	(As Restated) <u>2022</u>
Expiration of time restrictions	\$ 1,267,541	\$ 1,115,930
Satisfaction of Purpose	<u>799,271</u>	<u>390,431</u>
Net assets released from restrictions	<u>\$ 2,066,812</u>	<u>\$ 1,506,361</u>

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

14. Designated Net Assets

The Board has designated the following net assets as of September 30:

	2023	2022
Operating Reserves	\$ 400,000	\$ 400,000
Endowment	391,565	372,232
Building for Good	611,844	
	\$ 1,403,409	\$ 772,232

15. Related Party Transactions

The Federation received pledges and contributions in 2023 and 2022 from Board members totaling \$253,527 and \$678,083, respectively.

During the construction phase of its Early Childhood Pavilion, the Lerner School agreed to pay the Federation for a portion of the construction costs. The key elements of this arrangement include:

1. The implied interest rate is variable and determined by the Federation's interest rate on the bank loan from BB&T (currently 68% of One-Month LIBOR + 1.12%).
2. Interest began accruing in May 2012.
3. Principal payments will be determined by collections of Federation pledges receivable, and based on current expectations for collections (both amounts and timing).
4. Annual principal payments will vary depending on Federation pledges collected.

All pledges received were allocated 85% to the Federation and 15% against the Lerner School debt owed. The Federation forgave this balance in October 2022 pursuant to an agreement between the Lerner School and the Federation in exchange for land provided by the Lerner School. The land transfer was finalized on October 13, 2022. The loan balance due from the School was \$0 as of September 30, 2023 and 2022.

16. Retirement Plan

The Federation has adopted a retirement plan in accordance with Section 403(b)(7) of the Internal Revenue Code. The plan allows for the deferment of income to the employees by means of investing in a tax shelter account. The plan allows employer and employee contributions. Contributions by the Federation to the plan on behalf of the employees for the years ended September 30, 2023 and 2022 totaled \$679 and \$19,930, respectively.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

17. Donated Services

The Federation receives donated services from a variety of unpaid volunteers. No amounts have been recorded in the accompanying statements of activities because the criteria for recognition of such volunteer effort has not been satisfied.

18. Correction of an Error

During the year ended September 30, 2023, management discovered that prior year restricted net assets were understated. The following adjustments were made to the September 30, 2022 financial statements.

	<u>As Previously Reported</u>	<u>Change</u>	<u>As Restated</u>
Net Assets Released from Restriction	\$1,825,076	\$(318,715)	\$1,506,361
Beginning of Year Net Assets with Donor Restrictions	5,463,805	240,592	5,704,397
Beginning of Year Net Assets without Donor Restrictions	5,665,475	(240,592)	5,424,883
End of Year Net Assets with Donor Restrictions	7,095,528	559,307	7,654,835
End of Year Net Assets without Donor Restrictions	5,934,629	(559,307)	5,375,322

19. Reduce or Retire the Debt Campaign

In the second quarter of 2015, the Federation embarked upon a campaign to reduce and/or retire the outstanding debt owed to its bank. During the years ended September 30, 2023 and 2022, no pledges were received and no pledges were collected. Although the Federation is primarily liable for the loan, an agreement existed wherein the Lerner School contributed 15% towards the repayment of the loan and received a 15% credit against the debt it owed to the Federation for all money collected to retire the Federation's debt. On October 13, 2022, the Lerner School transferred land to the Federation in return for the forgiveness of the Lerner School's debt in full, pursuant to a preexisting agreement. See Note 15.

DURHAM-CHAPEL HILL JEWISH FEDERATION
D/B/A JEWISH FOR GOOD
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

20. Noncash Transactions

The following assets and liabilities were transferred to the Federation as of July 1, 2023 in conjunction with the merger of activities of the Lerner Jewish Day School into the Federation:

Cash and Cash Equivalents	\$ 540,000
Accounts Receivable	47,664
Prepaid Expenses	5,311
Sales Tax Receivable	3,441
Investments	400,987
Land	156,544
Property and Equipment	3,364,665
Accumulated Depreciation	(1,573,690)
Accounts Payable	(1,045)
Payroll Liabilities	(3,360)
Accrued Payroll	(41,315)
Deferred Revenue	<u>(229,966)</u>
	<u>\$ 2,669,236</u>

21. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 22, 2024, which is the date the financial statements were available to be issued.

On December 22, 2023, The Federation obtained a note payable to a bank for \$6,856,000. For the first 44 months, monthly interest-only payments are due, at an interest rate of 3.09%. As long as the Federation meets certain requirements at August 9, 2027, the loan will extend through a maturity date of December 10, 2032, with equal combined principal and interest payments due each month starting September 10, 2027 and continuing through December 10, 2032, at which time a final payment of all unpaid amounts will be due. The interest rate from September 10, 2027 through maturity will be equal to the then-five-year United States Treasury notes rate plus three percent (3.00%). The note is collateralized by the deed of trust on property.