

**Jewish National Fund  
(Keren Kayemeth Lelsrael), Inc.**

**Financial Statements**  
Year Ended September 30, 2021

**Jewish National Fund (Keren Kayemeth Lelsrael), Inc.**

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Financial Statements  
Year Ended September 30, 2021

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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## **Independent Auditor's Report**

The Board of Trustees  
Jewish National Fund (Keren Kayemeth Lelsrael), Inc.  
New York, New York

### ***Opinion***

We have audited the financial statements of Jewish National Fund (Keren Kayemeth Lelsrael), Inc. (JNF), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JNF as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of JNF 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 JNF's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JNF'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 JNF'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.

#### **Report on Summarized Comparative Information**

We have previously audited JNF's September 30, 2020, financial statements and our report, dated May 20, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BDO USA LLP*

May 16, 2022

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Statement of Financial Position (with comparative totals for 2020)

| <i>September 30,</i>   | 2021                  | 2020                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>  |                       |                       |
| <b>Current</b>   |                       |                       |
| Cash and cash equivalents                                    | \$ 22,641,978         | \$ 22,370,633         |
| Contributions receivable, current portion                    | 28,724,888            | 24,654,622            |
| Prepaid expenses and other assets                            | 1,454,552             | 1,256,821             |
| Investments, at fair value                                   | 333,526,504           | 296,225,287           |
| <b>Total Current Assets</b>                                  | <b>386,347,922</b>    | <b>344,507,363</b>    |
| Contributions Receivable, Net, less current portion          | 21,307,931            | 13,917,548            |
| Investments Held Under Split-Interest Agreements             | 106,258,631           | 91,627,648            |
| Property Held for Sale                                       | 44,000                | 1,424,000             |
| Beneficial Interest in Trust Held by Others                  | 706,505               | 653,480               |
| <b>Fixed Assets, Net</b>                                     | <b>17,610,376</b>     | <b>18,165,191</b>     |
| <b>Total Assets</b>  | <b>\$ 532,275,365</b> | <b>\$ 470,295,230</b> |
| <b>Liabilities and Net Assets</b>                            |                       |                       |
| <b>Current Liabilities</b>                                   |                       |                       |
| Accounts payable and accrued expenses                        | \$ 1,700,836          | \$ 652,943            |
| Accrued payroll and related liabilities                      | 2,065,905             | 1,891,753             |
| Grants payable, current portion                              | 1,369,435             | 3,057,558             |
| <b>Total Current Liabilities</b>                             | <b>5,136,176</b>      | <b>5,602,254</b>      |
| Grants Payable, less current portion                         | 3,589,908             | 4,513,058             |
| Note Payable   | 4,784,689             | 4,578,650             |
| Paycheck Protection Program (PPP) Loan                       | -                     | 3,330,267             |
| <b>Obligations Due Under Split-Interest Agreements</b>       | <b>42,796,195</b>     | <b>38,128,284</b>     |
| <b>Total Liabilities</b>                                     | <b>56,306,968</b>     | <b>56,152,513</b>     |
| <b>Commitments and Contingencies</b>                         |                       |                       |
| <b>Net Assets</b>  |                       |                       |
| Without donor restrictions:                                  |                       |                       |
| Operating  | 177,623,592           | 144,316,428           |
| Board Designated - Boruchin Israel Education Advocacy Center | 131,835,409           | 126,632,232           |
| Board Designated - Building fund                             | 3,569,936             | 3,332,913             |
| Board Designated - JNF Initiatives Fund                      | 69,283,049            | 64,405,815            |
| <b>Total Without Donor Restrictions</b>                      | <b>382,311,986</b>    | <b>338,687,388</b>    |
| With donor restrictions                                      | 93,656,411            | 75,455,329            |
| <b>Total Net Assets</b>                                      | <b>475,968,397</b>    | <b>414,142,717</b>    |
| <b>Total Liabilities and Net Assets</b>                      | <b>\$ 532,275,365</b> | <b>\$ 470,295,230</b> |

*See accompanying notes to financial statements.*

**Jewish National Fund (Keren Kayemeth Lelsrael), Inc.**

**Statement of Activities  
(with comparative totals for 2020)**

Year ended September 30,

|  | Without Donor Restrictions |  |                                  |   |                       | Total                | With Donor Restrictions | 2021                  | 2020 |
|--|----------------------------|--|----------------------------------|---|-----------------------|----------------------|-------------------------|-----------------------|------|
|  | Operating                  | Board Designated - Boruchin Israel Education Advocacy Center | Board Designated - Building Fund | Board Designated - JNF Initiatives Fund |                       |                      |                         |                       |      |
| <b>Revenues, Gains, and Other Support</b>                |                            |  |                                  |   |                       |                      |                         |                       |      |
| Contributions  | \$ 59,014,234              | \$ -   | \$ -                             | \$ -                                    | \$ 59,014,234         | \$ 17,557,099        | \$ 76,571,342           | \$ 55,120,792         |      |
| Special events revenue                                   | 6,340,748                  | -  | -                                | -                                       | 6,340,748             | 30,000               | 6,370,748               | 8,480,807             |      |
| Less: direct cost of special events                      | (963,272)                  | -  | -                                | -                                       | (963,272)             | -                    | (963,272)               | (2,311,724)           |      |
| <b>Net Special Events Revenue</b>                        | <b>5,377,476</b>           | <b>-</b>   | <b>-</b>                         | <b>-</b>                                | <b>5,377,476</b>      | <b>30,000</b>        | <b>5,407,476</b>        | <b>6,169,083</b>      |      |
| Bequests   | 15,273,589                 | -  | -                                | -                                       | 15,273,589            | 50,337               | 15,323,926              | 19,357,389            |      |
| Contributions from split-interest agreements             | -                          | -  | -                                | -                                       | -                     | 8,947,706            | 8,947,706               | 4,485,178             |      |
| Changes in value of split-interest agreements            | -                          | -  | -                                | -                                       | -                     | (100,842)            | (100,842)               | 2,321,810             |      |
| Investment income, net                                   | 11,132,775                 | 9,689,940  | 237,023                          | 4,877,234                               | 25,936,972            | 7,619,238            | 33,556,210              | 19,091,988            |      |
| Other revenue  | 364,044                    | -  | -                                | -                                       | 364,044               | -                    | 364,044                 | 619,929               |      |
| Net assets released from restrictions                    | 15,902,456                 | -  | -                                | -                                       | 15,902,456            | (15,902,456)         | -                       | -                     |      |
| <b>Total Revenues, Gains, and Other Support</b>          | <b>107,064,583</b>         | <b>9,689,940</b>   | <b>237,023</b>                   | <b>4,877,234</b>                        | <b>121,868,780</b>    | <b>18,201,082</b>    | <b>140,069,862</b>      | <b>107,166,169</b>    |      |
| <b>Expenses</b>  |                            |  |                                  |   |                       |                      |                         |                       |      |
| Program services:  |                            |  |                                  |   |                       |                      |                         |                       |      |
| Israel projects  | 50,729,344                 | 4,486,763  | -                                | -                                       | 55,216,107            | -                    | 55,216,107              | 51,076,953            |      |
| Education  | 7,091,779                  | -  | -                                | -                                       | 7,091,779             | -                    | 7,091,779               | 7,656,621             |      |
| Missions and scholarships                                | 6,465,837                  | -  | -                                | -                                       | 6,465,837             | -                    | 6,465,837               | 7,443,947             |      |
| <b>Total Program Services</b>                            | <b>64,286,960</b>          | <b>4,486,763</b>   | <b>-</b>                         | <b>-</b>                                | <b>68,773,723</b>     | <b>-</b>             | <b>68,773,723</b>       | <b>66,177,521</b>     |      |
| Supporting services:                                     |                            |  |                                  |   |                       |                      |                         |                       |      |
| Management and general                                   | 5,438,390                  | -  | -                                | -                                       | 5,438,390             | -                    | 5,438,390               | 6,238,275             |      |
| Donor development and fundraising                        | 7,362,336                  | -  | -                                | -                                       | 7,362,336             | -                    | 7,362,336               | 7,322,658             |      |
| <b>Total Supporting Services</b>                         | <b>12,800,726</b>          | <b>-</b>   | <b>-</b>                         | <b>-</b>                                | <b>12,800,726</b>     | <b>-</b>             | <b>12,800,726</b>       | <b>13,560,933</b>     |      |
| <b>Total Expenses</b>                                    | <b>77,087,686</b>          | <b>4,486,763</b>   | <b>-</b>                         | <b>-</b>                                | <b>81,574,449</b>     | <b>-</b>             | <b>81,574,449</b>       | <b>79,738,454</b>     |      |
| <b>Change in Net Assets, before PPP loan forgiveness</b> | <b>29,976,897</b>          | <b>5,203,177</b>   | <b>237,023</b>                   | <b>4,877,234</b>                        | <b>40,294,331</b>     | <b>18,201,082</b>    | <b>58,495,413</b>       | <b>27,427,715</b>     |      |
| <b>PPP Loan Forgiveness</b>                              | <b>3,330,267</b>           | <b>-</b>   | <b>-</b>                         | <b>-</b>                                | <b>3,330,267</b>      | <b>-</b>             | <b>3,330,267</b>        | <b>-</b>              |      |
| <b>Change in Net Assets</b>                              | <b>33,307,164</b>          | <b>5,203,177</b>   | <b>237,023</b>                   | <b>4,877,234</b>                        | <b>43,624,598</b>     | <b>18,201,082</b>    | <b>61,825,680</b>       | <b>27,427,715</b>     |      |
| <b>Net Assets, beginning of year</b>                     | <b>144,316,428</b>         | <b>126,632,232</b>   | <b>3,332,913</b>                 | <b>64,405,815</b>                       | <b>338,687,388</b>    | <b>75,455,329</b>    | <b>414,142,717</b>      | <b>386,715,002</b>    |      |
| <b>Net Assets, end of year</b>                           | <b>\$ 177,623,592</b>      | <b>\$ 131,835,409</b>  | <b>\$ 3,569,936</b>              | <b>\$ 69,283,049</b>                    | <b>\$ 382,311,986</b> | <b>\$ 93,656,411</b> | <b>\$ 475,968,397</b>   | <b>\$ 414,142,717</b> |      |

See accompanying notes to financial statements.

**Jewish National Fund (Keren Kayemeth Lelsrael), Inc.**

**Statement of Functional Expenses  
(with comparative totals for 2020)**

Year ended September 30,

|  | Program Services     |                     |                           |                        | Supporting Services    |                                   |                           | 2021                 | 2020                 |
|--|----------------------|---------------------|---------------------------|------------------------|------------------------|-----------------------------------|---------------------------|----------------------|----------------------|
|  | Israel Projects      | Education           | Missions and Scholarships | Total Program Services | Management and General | Donor Development and Fundraising | Total Supporting Services |                      |                      |
| Salaries                               | \$ 5,148,272         | \$ 3,512,299        | \$ 3,408,552              | \$ 12,069,123          | \$ 3,224,714           | \$ 4,029,231                      | \$ 7,253,945              | \$ 19,323,068        | \$ 19,153,266        |
| Employee benefits                      | 1,733,580            | 970,580             | 942,871                   | 3,647,031              | 898,817                | 1,108,055                         | 2,006,872                 | 5,653,903            | 5,518,647            |
| <b>Total Salaries and Benefits</b>     | <b>6,881,852</b>     | <b>4,482,879</b>    | <b>4,351,423</b>          | <b>15,716,154</b>      | <b>4,123,531</b>       | <b>5,137,286</b>                  | <b>9,260,817</b>          | <b>24,976,971</b>    | <b>24,671,913</b>    |
| Advertising                            | 270,360              | 235,968             | 163,241                   | 669,569                | 87,137                 | 209,263                           | 296,400                   | 965,969              | 978,025              |
| Conferences and education              | 14,607               | 22,274              | 365,629                   | 402,510                | 43,982                 | 8,287                             | 52,269                    | 454,779              | 320,466              |
| Delivery and messenger                 | 308,884              | 294,638             | 89,278                    | 692,800                | 119,480                | 310,743                           | 430,223                   | 1,123,023            | 1,409,453            |
| Depreciation and amortization          | 388,102              | 57,497              | 50,309                    | 495,908                | 71,871                 | 150,928                           | 222,799                   | 718,707              | 771,923              |
| Dues and subscriptions                 | 63,048               | 14,349              | 11,030                    | 88,427                 | 18,879                 | 24,396                            | 43,275                    | 131,702              | 105,708              |
| Equipment and leases                   | 156,333              | 49,840              | 36,478                    | 242,651                | 45,305                 | 56,758                            | 102,063                   | 344,714              | 298,792              |
| Insurance                              | 199,538              | 95,060              | 28,350                    | 322,948                | 40,865                 | 17,417                            | 58,282                    | 381,230              | 351,407              |
| Stipends and sponsorships              | 73,556               | 4,853               | 5,386                     | 83,795                 | 1,103                  | 1,447                             | 2,550                     | 86,345               | 123,067              |
| Meetings                               | 15,494               | 17,626              | 26,496                    | 59,616                 | 13,770                 | 18,786                            | 32,556                    | 92,172               | 235,723              |
| Missions                               | 1,776                | 233,397             | 409,911                   | 645,084                | 25,828                 | 888                               | 26,716                    | 671,800              | 1,940,513            |
| Printing                               | 385,478              | 389,907             | 129,820                   | 905,205                | 96,548                 | 355,895                           | 452,443                   | 1,357,648            | 1,830,587            |
| Professional fees                      | 1,531,903            | 366,845             | 119,058                   | 2,017,806              | 219,164                | 259,337                           | 478,501                   | 2,496,307            | 2,847,329            |
| Rent, security, and maintenance        | 1,093,123            | 422,986             | 396,439                   | 1,912,548              | 316,026                | 469,190                           | 785,216                   | 2,697,764            | 2,417,570            |
| Speaker/honorarium fees and promotions | 192,245              | 126,106             | 48,204                    | 366,555                | 26,477                 | 111,052                           | 137,529                   | 504,084              | 636,812              |
| Supplies                               | 82,473               | 36,096              | 30,214                    | 148,783                | 31,679                 | 30,265                            | 61,944                    | 210,727              | 324,749              |
| Taxes, licenses, and miscellaneous     | 544,284              | 35,068              | 35,177                    | 614,529                | 41,556                 | 68,942                            | 110,498                   | 725,027              | 656,383              |
| Telephone                              | 185,760              | 77,418              | 84,950                    | 348,128                | 61,941                 | 75,016                            | 136,957                   | 485,085              | 555,306              |
| Transfers for Israel projects          | 42,699,621           | -                   | -                         | 42,699,621             | -                      | -                                 | -                         | 42,699,621           | 37,833,635           |
| Travel                                 | 50,085               | 93,737              | 70,112                    | 213,934                | 37,062                 | 46,304                            | 83,366                    | 297,300              | 770,089              |
| Utilities                              | 77,585               | 35,235              | 14,332                    | 127,152                | 16,186                 | 10,136                            | 26,322                    | 153,474              | 193,995              |
| Bad debt expense                       | -                    | -                   | -                         | -                      | -                      | -                                 | -                         | -                    | 465,009              |
| <b>Total Expenses</b>                  | <b>\$ 55,216,107</b> | <b>\$ 7,091,779</b> | <b>\$ 6,465,837</b>       | <b>\$ 68,773,723</b>   | <b>\$ 5,438,390</b>    | <b>\$ 7,362,336</b>               | <b>\$ 12,800,726</b>      | <b>\$ 81,574,449</b> | <b>\$ 79,738,454</b> |

*See accompanying notes to financial statements.*



# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Statement of Cash Flows (with comparative totals for 2020)

| <i>Year ended September 30,</i>   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>   |                      |                      |
| Change in net assets  | \$ 61,825,680        | \$ 27,427,715        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                      |                      |
| Depreciation and amortization   | 718,707              | 771,923              |
| Realized and unrealized gains on investments  | (21,442,351)         | (14,317,077)         |
| Realized and unrealized gains on investments under split-interest agreement                           | (12,776,529)         | (3,780,516)          |
| Gain on sale of fixed assets  | -                    | (2,915,825)          |
| Loss on sale of property held for sale  | 76,673               | 1,921,430            |
| Donated property  | (8,662,000)          | -                    |
| Loss on sale of donated property  | 585,997              | -                    |
| Contributions from split-interest agreements  | (8,947,706)          | (4,485,178)          |
| Change in value of split-interest agreements  | 100,842              | (2,321,810)          |
| Change in discount on contributions receivable  | (157,751)            | (79,647)             |
| Bad debt expense  | -                    | 465,009              |
| PPP loan forgiveness  | (3,330,267)          | -                    |
| Decrease (increase) in assets:  |                      |                      |
| Contributions receivable  | (11,302,898)         | 5,712,987            |
| Beneficial interest in trusts   | (53,025)             | (48,554)             |
| Prepaid expenses and other assets   | (197,731)            | 503,650              |
| Increase (decrease) in liabilities:   |                      |                      |
| Accounts payable and accrued expenses   | 1,045,634            | (1,674,301)          |
| Accrued payroll and related liabilities   | 176,411              | 227,369              |
| Grants payable  | (2,611,273)          | (2,143,379)          |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <b>(4,951,587)</b>   | <b>5,263,796</b>     |
| <b>Cash Flows from Investing Activities</b>   |                      |                      |
| Purchases of fixed assets   | (163,892)            | (71,630)             |
| Proceeds from sale of investments   | 196,462,605          | 273,083,617          |
| Purchase of investments   | (214,175,925)        | (272,404,561)        |
| Proceeds from sale of fixed assets  | -                    | 4,675,826            |
| Proceeds from (purchase of) sale of property held for sale  | 1,303,327            | (1,253,354)          |
| Proceeds from sale of donated property  | 8,076,003            | -                    |
| <b>Net Cash Provided by (Used in) Investing Activities</b>  | <b>(8,497,882)</b>   | <b>4,029,898</b>     |
| <b>Cash Flows from Financing Activities</b>   |                      |                      |
| Proceeds from note payable  | 206,039              | 197,167              |
| Proceeds from PPP loan  | -                    | 3,330,267            |
| Proceeds from contributions restricted for split-interest agreements                                  | 19,235,961           | 9,984,811            |
| Payments to annuitants of split-interest agreements   | (5,721,186)          | (5,635,711)          |
| <b>Net Cash Provided by Financing Activities</b>  | <b>13,720,814</b>    | <b>7,876,534</b>     |
| <b>Net Increase in Cash and Cash Equivalents</b>  | <b>271,345</b>       | <b>17,170,228</b>    |
| <b>Cash and Cash Equivalents, beginning of year</b>   | <b>22,370,633</b>    | <b>5,200,405</b>     |
| <b>Cash and Cash Equivalents, end of year</b>   | <b>\$ 22,641,978</b> | <b>\$ 22,370,633</b> |

*See accompanying notes to financial statements.*

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

Jewish National Fund (Keren Kayemeth Lelsrael), Inc. (JNF) is a not-for-profit corporation, founded in 1901 and incorporated in the United States in 1926, that is devoted to promoting and furthering the cultural, physical, social, medical, agricultural, and general welfare of the people of Israel. JNF invests its efforts in seven action areas, including forestry and ecology, water management, community development, security roads, education, research and development, and tourism and recreation. JNF is also involved in Israel advocacy and education throughout the United States. Israeli projects are carried out by JNF Board-approved, select Israeli not-for-profit organizations. JNF consists of its national and zone offices throughout the country. The accompanying financial statements include the accounts of the national headquarters and all of the zone offices.

JNF is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code). JNF has been classified as a publicly supported organization, as described in Section 509(a)(1) of the Code. JNF is also exempt from state and local income taxes. Jewish National Fund and JNF are registered trademarks of JNF with the U.S. Patent and Trademark Office since April 2002.

A related entity, Jewish National Fund-USA, Inc. (JNF-USA), was incorporated on September 4, 2018. JNF and JNF-USA are related through common Board control. JNF is a subsidiary of JNF-USA. During fiscal year 2019, JNF's Board signed documents that shift control of Beyachad Fund (R.A.) and Alexander Muss Institute for Israel Education, Inc. (AMIIE) to JNF-USA.

Beyachad Fund (R.A.) is an Israeli not-for-profit organization (Amuta) that is organized to provide support to and develop areas in Israel. JNF was related to the Beyachad Fund (R.A.) through Board control until control was transitioned to JNF-USA on October 1, 2018.

AMIIE provides an Israel educational experience to students. This experience brings 4,000 years of Israel's history to life. AMIIE d/b/a Alexander Muss High School in Israel, or AMHSI, is a Section 501(c)(3) Florida not-for-profit organization registered to do business in New York and is exempt from federal income taxes under Section 501(a) of the Code. AMIIE is also exempt from state and local income taxes.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of JNF are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. This requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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Net asset classifications are defined as follows:

*Without Donor Restrictions* - This classification consists of the part of net assets that is not restricted by donor-imposed stipulations.

Included in Board-designated net assets without donor restrictions is The Boruchin Israel Education Advocacy Center (the Center) fund. The Center was created during fiscal 2015 with a \$100 million allocation of funds received from the John and Dora Boruchin Trust that were designated by the JNF Board of Directors. The Center will provide programming, funding, and fundraising. Among other programs, this will include scholarships, JNFuture Leadership Institute, Zionist teacher training programs, JNF Israel Advocacy Department activities (including Spring Break, Birthright, and Caravan for Democracy), Faculty Fellowship, and additional educational initiatives. The Center fund is structured in such a manner as to distribute no more than \$5 million annually or 5% of the Center's assets, as revalued each year on January 1st, whichever is greater. Any use of the Center's core assets other than previously stated, or a change in its mission, can only be determined and approved by a majority vote of JNF's Board of Directors. The balance of net assets designated to the Center as of September 30, 2021 was \$131,835,409.

During 2015, JNF established a JNF Board-designated fund (the JNF Initiatives Fund) with a \$50 million allocation from the John and Dora Boruchin Trust. Income from this fund can be used towards general operating costs of JNF, as well as special projects and new initiatives that may not have originally been budgeted by JNF. This will allow for creativity and innovative ideas within JNF. The balance of net assets designated to the JNF Initiatives Fund as of September 30, 2021 was \$69,283,049.

Following the renovations at the 69<sup>th</sup> street building, the Building Fund was established for any potential capital projects or future renovations. The balance of the net assets designated to the Building Fund, as of September 30, 2021, was \$3,569,936.

*With Donor Restrictions* - This classification consists of net assets resulting from contributions and other inflows of assets whose use by JNF is limited by donor-imposed stipulations, time and/or purpose restrictions. JNF reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting JNF to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

See Note 12 for more information on the composition of net assets with donor restrictions and the release of restrictions.

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

JNF considers highly liquid financial instruments with original maturities of three months or less from the date of purchase, other than those held in JNF's investment portfolio, to be cash equivalents.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### *Financial Instruments and Fair Value*

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, 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 inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as JNF would use in pricing JNF's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of JNF are traded. JNF estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

*Level 1* - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

*Level 2* - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

*Level 3* - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

### *Contributions and Contributions Receivable*

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit-adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue, in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Receivables are charged to bad debt when they are deemed to be uncollectible based upon a periodic review of the accounts by management. JNF writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and subsequently released when the restrictions on which they depend are met. Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Conditional promises to give and intentions to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### ***Contributed Services***

For the year ended September 30, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist JNF. JNF receives on average more than 120 volunteer hours per Board member, per year.

### ***Split-Interest Agreements***

JNF holds assets under split-interest agreements consisting of pooled life income funds, charitable remainder trusts, and charitable gift annuities for which JNF serves as the trustee. Such agreements provide for payments to the donors or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts. Assets held under these agreements are reported as investments held under split-interest agreements on the statement of financial position. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes and has been recognized as a contribution at the date of gift. When the terms of the gift instrument have been met, the remaining amount of the gift may be used for general or specific purposes, as stipulated by the respective donor.

Under JNF's charitable remainder trusts and charitable gift annuities programs where JNF is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the unrestricted use of JNF, unless otherwise stipulated by the donor. Under JNF's pooled life income funds program, the difference between the fair value of the assets when received and the revenue recognized is recorded as an obligation, representing the amount of the discount for future interest, on the statement of financial position. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to JNF. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the statement of activities.

### ***Beneficial Interest in Trusts Held by Others***

Donors have established and funded trusts, which are administered by organizations other than JNF. Under the terms of these trusts, JNF has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. JNF does not control the assets held by outside trusts. The value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted interest rate.

### ***Fixed Assets, Net***

JNF considers purchases to be fixed assets if the cost is greater than \$5,000. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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The current estimated useful lives are as follows:

|                                    | Years |
|------------------------------------|-------|
| Building and building improvements | 40    |
| Furniture, fixtures, and equipment | 5     |
| Vehicles                           | 5     |

Leasehold improvements are depreciated over the shorter of their useful lives or the remainder of the lease period.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as 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 restricted. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

### ***Impairment of Long-Lived Assets***

JNF follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires JNF to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended September 30, 2021, there have been no such losses.

### ***Grants (Transfers for Israel Projects) and Grants Payable***

Grants are recorded as expenses in the year in which they are awarded, including multi-year awards, which are discounted to present value. The discounts on these amounts are computed using an appropriate discount rate (credit-adjusted) applicable to the years in which the promises are made.

### ***Advertising Expense***

Advertising, consisting primarily of the cost of publications, public awareness, and literature, is recorded as expense in the period incurred. Advertising expense was \$965,969 for the year ended September 30, 2021.

### ***Concentrations of Credit Risk***

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, JNF has a diversified investment portfolio in a variety of asset classes managed by an independent investment manager. JNF's cash, cash equivalents and investments are placed with high-credit-quality financial institutions. JNF regularly evaluates its investments, including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. JNF maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, JNF does not anticipate nonperformance by these financial institutions.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates include the valuation of real estate and non-exchange-traded alternative investments, the collection of contributions receivable and obligations under and residual interests pertaining to split-interest agreements. Actual results could differ from those estimates.

### *Comparative Financial Information*

The financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with JNF's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

### *Income Taxes*

JNF qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Code and as a non-profit corporation in New York state. Accordingly, no provision for federal or state income taxes is required. JNF has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

JNF adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on JNF's financial statements. JNF does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. JNF has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, JNF has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. JNF is subject to routine audits by taxing authorities.

### *Recently Adopted Accounting Pronouncements*

#### *Revenue*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgments and changes in judgments. The FASB also issued ASU 2020-05, which deferred the effective date of the provision for JNF. The provision became effective and was adopted for JNF beginning October 1, 2020.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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JNF elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the financial statements.

### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Accounting for Leases*

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. The statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

#### *Financial Instruments - Credit Losses*

The FASB issued ASU 2016-13 to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis, such as loan receivables, trade, and certain other receivables, as well as certain off-balance sheet credit exposures, such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, promises to give (pledges receivable), and loans and receivables between entities under common control.

The ASU is effective for fiscal years beginning after December 15, 2022, for all nonprofit entities. JNF is currently evaluating the impact of the adoption of the ASU on its financial statements.

#### *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early application permitted. Management is currently evaluating the impact of this ASU on its financial statements.



# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### *Reclassification*

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation.

### **3. Investments, at Fair Value**

JNF's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for the discussion of JNF's policies regarding this hierarchy. A description of the valuation techniques applied to JNF's major categories of assets measured at fair value are as follows. There have been no changes in valuation methodology as of September 30, 2021.

*Equities, U.S. Government Securities, and Exchange-Traded Funds* - These assets are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1.

*Municipal Bonds* - These assets are valued based on recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility. These investments are classified as Level 2.

*Mutual Funds* - These assets are valued on a daily basis at the close of business day. Each mutual fund's net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. These investments are classified as Level 1.

*Corporate Bonds and U.S. Treasury Securities* - JNF also has investments in fixed-income securities, which include corporate bonds and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed-income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping, and matrix pricing. These investments are classified as Level 2.

*State of Israel Bonds* - These are valued based on yields currently available on comparable securities of issuers with similar credit ratings. These investments are classified as Level 2.

*Precious Coins and Medals* - Investments in precious coins, medals and real estate are carried at their fair value, which is based on the latest appraised value available. These investments are classified as Level 3.

*Fixed-Income Securities* - JNF has investments in fixed-income securities comprised of open-end funds. These investments are priced by JNF's investment managers using nationally recognized pricing services based on observable market data and are classified as Level 1.

*Alternative Investments* - Alternative investments are those made in limited partnerships and limited liability corporations, all of which are valued based on the NAV or its equivalent of the interest owned by JNF at year-end. Given the absence of market quotations, their fair value is estimated using information provided to JNF by the investment advisor. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose JNF to the effects of securities lending, short sales of securities and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, JNF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus JNF's commitment to provide additional funding, as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. JNF does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Certain alternative investments, which include limited partnership investments, have rolling lockups ranging from quarterly to one year with a redemption notice period of up to 90 days.

Investments are made under the authority and oversight of an investment committee in consultation with an outside consultant. Together, they have established investment guidelines and developed a diversified asset allocation structure, which includes high-cap equities, low-cap equities, international equities, fixed-income securities, and alternative investments. JNF engages individual managers who specialize in each asset category, and each manager is monitored for compliance with guidelines and performance is evaluated against appropriate benchmarks.

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# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

JNF's investments, by level within the fair value hierarchy, consist of the following:

*September 30, 2021*

|   | Fair Value Measurement at Reporting Date                                   |   |   | Balance               |
|---|--|---|---|-----------------------|
|   | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |                       |
| Cash and cash equivalents and money market funds            | \$ 20,382,673  | \$ -  | \$ -  | \$ 20,382,673         |
| Exchange-traded funds                                       | 31,206,137   | -   | -   | 31,206,137            |
| Mutual funds  | 154,446,828  | -   | -   | 154,446,828           |
| U.S. government securities                                  | 8,061,407  | -   | -   | 8,061,407             |
| Municipal bonds   | -  | 5,832,224   | -   | 5,832,224             |
| Corporate bonds   | -  | 12,677,188  | -   | 12,677,188            |
| Equities  | 62,813,657   | -   | -   | 62,813,657            |
| State of Israel bonds                                       | -  | 3,100,677   | -   | 3,100,677             |
| Fixed income  | 19,264,277   | -   | -   | 19,264,277            |
| Real estate   | -  | -   | 1,677,165   | 1,677,165             |
| Precious coins and medals                                   | -  | -   | 193,510   | 193,510               |
| Other   | 3,000  | -   | -   | 3,000                 |
| <b>Total Investment Assets, in the fair value hierarchy</b> | <b>\$ 296,177,979</b>  | <b>\$ 21,610,089</b>                                      | <b>\$ 1,870,675</b>   | <b>319,658,743</b>    |
| Limited partnerships at NAV*                                |  |   |   | <u>13,867,761</u>     |
| <b>Total Investments</b>                                    |  |   |   | <b>\$ 333,526,504</b> |

\* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels for the year ended September 30, 2021.

JNF uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2021, as detailed below.

| Alternative Investment Type | Alternative Investment Strategy   | Number of Funds | NAV in Funds  | Remaining Life                               | Amount of Unfunded Commitments | Redemption Term  | Redemption Restrictions |
|-----------------------------|---|-----------------|---------------|--|--------------------------------|--|-------------------------|
| Limited partnerships        | Achieve capital appreciation through direct and indirect investments in domestic and international equity and fixed-income securities | 19              | \$ 13,867,761 | As determined by the respective fund manager | \$ -                           | Two funds are quarterly with 60-days' notice; one fund is monthly with 15-days' notice; and one fund is quarterly with 90-days' notice | None                    |

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

*Year ended September 30, 2021*

|                                   | Precious Coins<br>and Medals | Real Estate  | Total        |
|-----------------------------------|------------------------------|--------------|--------------|
| <b>Balance, beginning of year</b> | \$ 193,510                   | \$ 1,677,165 | \$ 1,870,675 |
| <b>Balance, end of year</b>       | \$ 193,510                   | \$ 1,677,165 | \$ 1,870,675 |

### 4. Split-Interest Agreements

JNF is the beneficiary or agent for a third-party beneficiary of a number of split-interest agreements with donors. Certain agreements provide that JNF hold the contributed assets as trustee (e.g., pooled income funds and charitable remainder trusts), while other agreements are part of the general assets of JNF (e.g., charitable gift annuities). Under both forms of agreement, JNF invests the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreement (usually upon the death of the donor or donor's designee). JNF will be able to utilize that part of the gift in which it has an interest upon the death of the respective life income beneficiary and will distribute to any third-party beneficiaries their respective remainder interests.

At the time of the gift, and adjusted annually, JNF records contribution income and a liability for amounts payable to annuitants and third-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near-term. The discount rates used in the calculation of obligations due to annuitants under split-interest agreements at September 30, 2021 ranged from 1.2% to 11.9%. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

Assets held for split-interest agreements are as follows:

*September 30, 2021*

|                             |                       |
|-----------------------------|-----------------------|
| Charitable gift annuities   | \$ 85,898,141         |
| Charitable remainder trusts | 19,585,126            |
| Pooled-life income funds    | 775,364               |
|                             | <b>\$ 106,258,631</b> |

Obligations due under split-interest agreements are as follows:

*September 30, 2021*

|                             |                      |
|-----------------------------|----------------------|
| Charitable gift annuities   | \$ 34,091,708        |
| Charitable remainder trusts | 8,262,333            |
| Pooled-life income funds    | 442,154              |
|                             | <b>\$ 42,796,195</b> |

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

JNF's investments held under split-interest agreements, by level within the fair value hierarchy, consist of the following:

*September 30, 2021*

|  | Fair Value Measurement at Reporting Date                                   |   |   | Balance               |
|--|--|---|---|-----------------------|
|  | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |                       |
| Cash and cash equivalents<br>and money market funds            | \$ 9,103,137   | \$ -  | \$ -  | \$ 9,103,137          |
| Equities   | 52,743,452   | -   | -   | 52,743,452            |
| Mutual funds   | 813,153  | -   | -   | 813,153               |
| U.S. government securities                                     | 4,889,285  | -   | -   | 4,889,285             |
| Fixed income   | 35,843,696   | -   | -   | 35,843,696            |
| Exchange-traded funds  | 435,577  | -   | -   | 435,577               |
| Mortgages and loans  | -  | 150,000   | -   | 150,000               |
| Real estate  | -  | -   | 1,677,165   | 1,677,165             |
| <b>Total Investment Assets<br/>in the Fair Value Hierarchy</b> | <b>\$ 103,828,300</b>  | <b>\$ 150,000</b>   | <b>\$ 1,677,165</b>   | <b>105,655,465</b>    |
| Limited partnerships at NAV*                                   |  |   |   | 603,166               |
| <b>Total Investments</b>                                       |  |   |   | <b>\$ 106,258,631</b> |

\* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels for the year ended September 30, 2021.

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

*Year ended September 30, 2021*

|                                   | Real Estate  | Total        |
|-----------------------------------|--------------|--------------|
| <b>Balance, beginning of year</b> | \$ 1,677,165 | \$ 1,677,165 |
| <b>Balance, end of year</b>       | \$ 1,677,165 | \$ 1,677,165 |

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

JNF uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2021, as detailed below.

| Alternative Investment Type | Alternative Investment Strategy   | Number of Funds | NAV in Funds | Remaining Life                               | Amount of Unfunded Commitments | Redemption Term   | Redemption Restrictions |
|-----------------------------|---|-----------------|--------------|--|--------------------------------|---|-------------------------|
| Limited partnerships        | Generate attractive returns over the long-term by investing in a European and European-related publicly listed securities | 1               | \$ 603,166   | As determined by the respective fund manager | \$ -                           | One fund is weekly with 10-days' notice and one fund is annually with 90-days' notice | None                    |

### 5. Contributions Receivable, Net

Contributions receivable, net, are expected to be collected as follows:

*September 30, 2021*

|   |               |
|---|---------------|
| Due in less than one year   | \$ 28,724,888 |
| One to five years   | 20,267,246    |
| Five years and greater  | 9,869,545     |
|   | 58,861,679    |
| Less: discount to present value (at rates ranging from 0.23%-5.30%) | (1,028,860)   |
| Allowance for doubtful accounts                                     | (7,800,000)   |
|   | \$ 50,032,819 |

JNF has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. JNF's share of such bequests is recorded when JNF has an irrevocable right to the bequest and the proceeds are measurable.

### 6. Fixed Assets, Net

Fixed assets, net, consist of the following:

*September 30, 2021*

|   |                      |
|---|----------------------|
| Land  | \$ 1,147,500         |
| Buildings and building improvements             | 20,718,344           |
| Leasehold improvements                          | 111,211              |
| Furniture, fixtures, vehicles, and equipment    | 9,295,726            |
|   | 31,272,781           |
| Less: accumulated depreciation and amortization | (13,662,405)         |
| <b>Total Fixed Assets, Net</b>                  | <b>\$ 17,610,376</b> |

Depreciation and amortization expenses for the year ended September 30, 2021 were \$718,707.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### 7. Grants Payable, Net

Grants payable, net, are expected to be paid as follows:

*September 30, 2021*

|                      |    |           |
|----------------------|----|-----------|
| Less than one year   | \$ | 1,369,435 |
| One to five years    |    | 3,559,059 |
| More than five years |    | 30,849    |
|                      | \$ | 4,959,343 |

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### 8. Note Payable

During March 2018, JNF received a note in the amount of \$5,000,000 at 0% interest. JNF is not required to make any payments for the first five years of the loan. After five years, the holder may demand payment of no more than \$1,000,000 per year for each of the remaining five years. Upon the tenth anniversary of the note, any amounts still due will be forgiven.

Since this note is below the market interest rate, imputed interest and contribution revenue are reported in connection with the note. JNF used a 4.5% risk-free rate to calculate interest expense and contribution revenue. The balance of the note payable was \$4,784,689 at September 30, 2021.

### 9. Paycheck Protection Program Loan

In April 2020, JNF applied for and received approval for a loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA). As mentioned in Note 17, the PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and is a program designed to provide a direct incentive for small business to keep their workers on payroll.

In June of 2021, the full loan disbursement of \$3,330,267 was forgiven and has been recorded as revenue on the statement of activities.

### 10. Defined Contribution Plan

JNF sponsors a 403(b) plan, which covers substantially all of its employees. The plan is funded through voluntary contributions by participants, JNF's matching contributions and/or a formula-based JNF contribution based on each eligible participant's compensation for the plan year. The contribution expense for the year ended September 30, 2021 was approximately \$1,593,000.

### 11. Related Party Transactions with AMIIE

In September 2013, an agreement was entered into between JNF and AMIIE (the Agreement). The provisions of the Agreement established the creation of a \$5 million fund with funds received from the Chair of the AMIIE Board (the Muss Fund) and a separate matching fund of \$5 million pledged from JNF (the JNF Fund). The funds are held and administered by JNF and restricted for the administration and operation of AMHSI for specific purposes as outlined in the Agreement and have been reported as part of net assets with donor restrictions in the accompanying financial statements.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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JNF records an asset and contribution revenue when it receives assets from a donor on behalf of AMIIE.

### 12. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes or periods:

#### *September 30, 2021*

---

|   |                     |
|---|---------------------|
| Restricted for specific purposes/periods:       |                     |
| Israel programs                                 | \$ 13,212,032       |
| Time-restricted under split-interest agreements | 36,054,498          |
| Time-restricted—for periods after September 30  | 23,682,819          |
| Scholarships                                    | 8,179,116           |
| Other   | 1,408,359           |
|   | <hr/> 82,536,824    |
| Restricted in perpetuity:                       |                     |
| General operations                              | 3,772,154           |
| Scholarships                                    | 1,763,445           |
| Special events                                  | 5,000,000           |
| Trees   | 200,000             |
| Beneficial interest in perpetual trust          | 383,988             |
|   | <hr/> 11,119,587    |
|   | <hr/> \$ 93,656,411 |

Net assets released from donor restrictions consisted of the following:

#### *Year ended September 30, 2021*

---

|                                   |                       |
|-----------------------------------|-----------------------|
| Israel programs                   | \$ (238,300)          |
| Split-interest agreements expired | (8,607,842)           |
| Time restriction lapsed           | (6,472,876)           |
| Scholarships                      | (377,399)             |
| Other                             | (206,039)             |
|                                   | <hr/> \$ (15,902,456) |

### 13. Endowment Funds

#### *General*

JNF's endowments consist of individual donor-restricted endowment funds established to support activities of JNF. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.



# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### *Interpretation of Relevant Law*

The state of New York has enacted the New York State Prudent Management of Institutional Funds Act (NYPMIFA), its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All not-for-profit organizations formed in New York must apply this law. JNF classifies as net assets with donor restrictions held in perpetuity, unless otherwise stipulated by the donor: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund not restricted in perpetuity is classified as net assets with donor restrictions until such amounts are appropriated for expenditure by JNF in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, JNF considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return on endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of JNF; and the investment policy of JNF.

### *Return Objectives, Strategies Employed and Spending Policy*

The primary objective of the endowment in the near term is to preserve the nominal market value of its assets in order to limit realized and unrealized investment losses. The secondary objective of the endowment is to grow the value of its assets at a modest rate to allow for continued support of JNF's operations.

Due to JNF's current financial circumstance, the first priority, in the near-term, is to reduce the potential for short-term investment losses. The objective therefore prioritizes short-term stability, risk reduction and liquidity over long-term capital appreciation. The current investment approach for the endowment is to prioritize capital preservation and liquidity and to limit losses within the portfolio by minimizing its exposure to equities and other investments with the potential for significant losses. With this investment approach, the majority of the endowment's assets are invested in investments that are expected to generate modest returns with lower risk. A smaller portion of the endowment may be invested in asset classes and investment strategies with a higher risk-return profile, as appropriate.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JNF to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2021.

Investment income on the endowments is recorded as with donor restriction - purpose restricted and is appropriated in accordance with the spending policy.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

Endowment net asset composition by type of fund is as follows:

*September 30, 2021*

|                        |              |
|------------------------|--------------|
| Donor-restricted funds | \$ 9,335,385 |
|------------------------|--------------|

Changes in endowment net assets are as follows:

*September 30, 2021*

|   |              |
|---|--------------|
| Endowment Net Assets with Donor Restrictions, beginning of year | \$ 8,169,106 |
|---|--------------|

Investment return:

|                                  |         |
|----------------------------------|---------|
| Interest and dividends, net      | 162,254 |
| Net realized and unrealized gain | 776,325 |

|                                |                |
|--------------------------------|----------------|
| <b>Total Investment Return</b> | <b>938,579</b> |
|--------------------------------|----------------|

|               |         |
|---------------|---------|
| Contributions | 430,000 |
|---------------|---------|

|   |           |
|---|-----------|
| Appropriation of endowment net assets for expenditure—spending policy | (202,300) |
|---|-----------|

|  |                     |
|--|---------------------|
| <b>Endowment Net Assets with Donor Restrictions, end of year</b> | <b>\$ 9,335,385</b> |
|--|---------------------|

### 14. Liquidity and Availability of Resources

JNF's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

*September 30, 2021*

|                               |               |
|-------------------------------|---------------|
| Cash and cash equivalents     | \$ 22,641,978 |
| Contributions receivable, net | 28,724,888    |
| Investments, at fair value    | 333,526,504   |

|   |                    |
|---|--------------------|
| <b>Total Financial Assets Available Within One Year</b> | <b>384,893,370</b> |
|---|--------------------|

Less: amounts unavailable for general expenditures within one year, due to:

|  |            |
|--|------------|
| Restricted by donors with purpose restrictions | 22,799,507 |
| Restricted by donors with time restrictions    | 59,737,317 |
| Restricted by donors in perpetuity             | 11,119,587 |

|   |                   |
|---|-------------------|
| <b>Total Amounts Unavailable for General Expenditures Within One Year</b> | <b>93,656,411</b> |
|---|-------------------|

Less: amounts unavailable to management without Board's approval:

|  |             |
|--|-------------|
| Board-designated for Boruchin Israel Advocacy Center | 131,835,409 |
| Board-designated for JNF Initiatives Fund            | 69,283,049  |
| Board-designated for Buildings Fund                  | 3,569,936   |

|   |                    |
|---|--------------------|
| <b>Total Amounts Unavailable to Management Without Board's Approval</b> | <b>204,688,394</b> |
|---|--------------------|

|   |                      |
|---|----------------------|
| <b>Total Financial Assets Available to Management for General Expenditure Within One Year</b> | <b>\$ 86,548,565</b> |
|---|----------------------|

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### *Liquidity Management*

JNF maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Additionally, JNF has Board-designated net assets without donor restrictions that, while JNF does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

### **15. Methods Used for Allocation of Expenses**

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. The financial statements also report certain categories of expenses that are attributable to one or more program or supporting functions of JNF. Those expenses are allocated based upon various allocation factors, including square footage occupied and time and effort. Depreciation is allocated based on estimated use of square footage. Employee expenses are allocated based on time studies. Other expenses are allocated based on estimates of time and effort.

### **16. Commitments**

#### *Operating Leases*

JNF occupies certain of its zone and community offices under sublease agreements that expire through September 2024. Under the terms of the subleases, JNF pays annual base rents and building operating expenses based on its pro rata share of the space occupied.

Future minimum (base) lease payments are as follows:

#### *Year ending September 30,*

|      |    |           |
|------|----|-----------|
| 2022 | \$ | 760,017   |
| 2023 |    | 739,755   |
| 2024 |    | 564,196   |
| 2025 |    | 373,940   |
| 2026 |    | 130,725   |
|      | \$ | 2,568,633 |

---

Total rent expense for the year ended September 30, 2021 was \$980,272.

#### *Litigation*

Various lawsuits against JNF may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters are not expected to be material in relation to the financial position of JNF.

# Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

## Notes to Financial Statements

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### **17. Risks and Uncertainties: COVID and CARES Act**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on JNF's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the CARES Act was enacted. The CARES Act contains measures designed to bring some economic and fiscal relief to companies, small businesses, and individuals facing financial difficulties due to the COVID-19 crisis. On December 27, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. On March 10, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act into law.

As discussed in Note 9, JNF received a loan under the PPP, which was forgiven during fiscal year 2021. JNF has not and does not intend to apply for funding under the Act or the American Rescue Plan Act.

### **18. Subsequent Events**

May 16, 2022, the date the financial statements were available to be issued. JNF is not aware of any subsequent events that would require recognition or disclosure in the financial statements.