Jewish United Fund of Metropolitan Chicago

Financial Report
December 31, 2019

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RSM US LLP

Independent Auditor's Report

Board of Directors
Jewish United Fund of Metropolitan Chicago

Report on the Financial Statements
We have audited the accompanying financial statements of Jewish United Fund of Metropolitan Chicago (Jewish United Fund), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Jewish United Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish United Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion
The guidance on reporting of related entities by not-for-profit organizations requires not-for-profit organizations with a controlling financial interest in another not-for-profit organization to consolidate that other organization. Jewish United Fund meets the definition of having a "controlling financial interest" in the Jewish Federation of Metropolitan Chicago (Jewish Federation) by having a common board of directors and officers and through its financial support of the Jewish Federation. Accordingly, accounting principles generally accepted in the United States of America require that Jewish United Fund consolidate the Jewish Federation. As of June 30, 2019, the Jewish Federation had total assets (in thousands) of $2,155,995, net assets (in thousands) of $1,737,364 and for the year ended June 30, 2019, an increase in net assets of $128,577 (in thousands). Summarized financial information of the Jewish Federation as of and for the year ended June 30, 2019, is presented in Note 1 to the financial statements.

Management of the organizations believes that it is not practicable to consolidate the Jewish Federation because the Jewish Federation is required by certain funding sources to maintain a June 30 fiscal year-end and Jewish United Fund has elected to retain its December 31 year-end to coincide with its personal contributors' tax year-ends. Accordingly, compliance with the guidance on reporting of related entities by not-for-profit organizations would require the Jewish Federation to undergo two separate audits each year, which would cause a financial and administrative burden on the organizations, thereby negatively impacting their ability to fulfill their charitable mission.

Qualified Opinion
In our opinion, except for the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish United Fund of Metropolitan Chicago as of December 31, 2019, 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.

Report on Summarized Comparative Information
We have previously audited Jewish United Fund of Metropolitan Chicago's 2018 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated June 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Chicago, Illinois
June 23, 2020

Jewish United Fund of Metropolitan Chicago

Statement of Financial Position
December 31, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions			Total	
	Undesignated	Board Designated	With Donor Restrictions	2019	2018
Assets					
Cash	$ 8,268,642	$ 2,812,593	$ 2,581,839	$ 13,663,074	$ 8,614,093
Investment in JFMC Pooled Endowment Portfolio, LLC	-	123,355,621	14,600,585	137,956,206	129,572,701
Pledges receivable (net of allowance for uncollectible pledges)	11,069,484	-	33,723,474	44,792,958	51,429,320
Interfund accounts	27,379,201	(26,979,201)	(400,000)	-	-
Due from JFMC Facilities Corporation	-	-	-	-	149,989
Amount due from participating employers for pension benefits	33,163,609	-	-	33,163,609	28,806,373
Other investments	4,139,750	-	37,500	4,177,250	4,127,482
Prepaid expenses, deposits and other receivables	2,505,750	3,036	-	2,508,786	3,207,844
Property and equipment (at cost, net of accumulated depreciation and amortization)	1,532,846	2,181,446	-	3,714,292	3,317,095
	$ 88,059,282	$ 101,373,495	$ 50,543,398	$ 239,976,175	$ 229,224,897

(Continued)

Jewish United Fund of Metropolitan Chicago

Statement of Financial Position (Continued)
December 31, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions			Total	
	Undesignated	Board Designated	With Donor Restrictions	2019	2018
Liabilities and Net Assets (Deficit)					
Liabilities:					
Allocations payable to beneficiaries	$ 47,921,253	$ -	$ -	$ 47,921,253	$ 47,593,625
Accounts payable and accrued expenses	3,090,192	-	-	3,090,192	2,553,911
Deferred income	1,010,367	-	-	1,010,367	959,162
Liability for pension benefits	60,542,662	-	-	60,542,662	51,043,080
Due to JFMC Facilities Corporation	320,166	-	-	320,166	-
Due to Jewish Federation of Metropolitan Chicago	8,000	-	-	8,000	12,522
	112,892,640	-	-	112,892,640	102,162,300
Net assets (deficit):					
Without donor restrictions:					
Undesignated	(24,833,358)	-	-	(24,833,358)	(22,772,895)
Board designated	-	101,373,495	-	101,373,495	96,230,654
With donor restrictions:					
Future years' campaigns	-	-	36,308,350	36,308,350	40,286,815
Learning centers in Israel	-	-	3,065,299	3,065,299	2,686,043
Campaign endowment	-	-	11,169,749	11,169,749	10,631,980
	(24,833,358)	101,373,495	50,543,398	127,083,535	127,062,597
	$ 88,059,282	$ 101,373,495	$ 50,543,398	$ 239,976,175	$ 229,224,897

See notes to financial statements.

Jewish United Fund of Metropolitan Chicago

Statement of Activities
December 31, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions			Total	
	Undesignated	Board-Designated	With Donor Restrictions	2019	2018
Revenue:					
Contributions:					
Current-year campaign:					
Pledges received in current year	$ 48,723,112	$ -	$ -	$ 48,723,112	$ 44,978,621
Transfer of current-year campaign pledges received and recorded in prior year (below)	40,286,815	-	-	40,286,815	43,906,617
Total current-year campaign pledges received	89,009,927	-	-	89,009,927	88,885,238
Less allowance for uncollectible pledges	(3,070,842)	-	-	(3,070,842)	(3,066,540)
	85,939,085	-	-	85,939,085	85,818,698
Adjustments to current year campaign:					
Adjustments on closing of prior years' campaigns	1,184,154	-	-	1,184,154	2,164,995
Total current year campaign	87,123,239	-	-	87,123,239	87,983,693
Pledges received in current year for future years' campaigns	-	-	36,308,350	36,308,350	40,286,815
Transfer of current-year campaign pledges received and recorded in prior year (above)	-	-	(40,286,815)	(40,286,815)	(43,906,617)
	-	-	(3,978,465)	(3,978,465)	(3,619,802)
	87,123,239	-	(3,978,465)	83,144,774	84,363,891
Legacies and bequests	-	2,901,896	-	2,901,896	10,756,557
Total support	87,123,239	2,901,896	(3,978,465)	86,046,670	95,120,448
Other revenue:					
Interest and dividends	8,297	564,707	16,391	589,395	381,798
Gain (loss) on investment activity (net)	13,845	14,022,023	929,274	14,965,142	(3,170,140)
Income from trusts and foundations	9,300,708	68,464	-	9,369,172	9,541,287
Fees from campaign and administrative programs	4,060,985	-	-	4,060,985	4,581,739
Fees from departmental services	957,045	-	-	957,045	2,385,224
JUF News revenue	704,865	-	-	704,865	722,111
Unexpended prior-year allocations	30,910	-	-	30,910	-
Total other revenue	15,076,655	14,655,194	945,665	30,677,514	14,442,019
Total revenue	102,199,894	17,557,090	(3,032,800)	116,724,184	109,562,467

(Continued)

Jewish United Fund of Metropolitan Chicago

Statement of Activities (Continued)
December 31, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions			Total	
	Undesignated	Board-Designated	With Donor Restrictions	2019	2018
Expenses:					
Program services	$ 87,404,806	$ 118,098	$ -	$ 87,522,904	$ 88,519,079
Management and administration	9,890,525	-	-	9,890,525	9,882,428
Fundraising	8,361,618	-	-	8,361,618	9,877,071
Total expenses	105,656,949	118,098	-	105,775,047	108,278,578
Increase (decrease) in net assets before other items	(3,457,055)	17,438,992	(3,032,800)	10,949,137	1,283,889
Other items:					
Distribution of Campaign Endowment income to current year's campaign	-	(7,182,445)	-	(7,182,445)	(7,238,577)
Pension-related changes other than pension expense	(3,745,754)	-	-	(3,745,754)	1,215,269
Transfers of net assets:				-	
Release of donor restricted net assets	-	28,640	(28,640)	-	-
Transfers between funds	5,142,346	(5,142,346)	-	-	-
	1,396,592	(12,296,151)	(28,640)	(10,928,199)	(6,023,308)
Increase (decrease) in net assets	(2,060,463)	5,142,841	(3,061,440)	20,938	(4,739,419)
Net assets (deficit):					
Beginning of year	(22,772,895)	96,230,654	53,604,838	127,062,597	131,802,016
End of year	$ (24,833,358)	$ 101,373,495	$ 50,543,398	$ 127,083,535	$ 127,062,597

See notes to financial statements.

Jewish United Fund of Metropolitan Chicago

Statement of Functional Expenses
December 31, 2019 (With Comparative Totals for 2018)

	Undesignated				Designated	Total	
	Program Services	Management and Administration	Fundraising	Total	Program Services	2019	2018
Allocations to beneficiary organizations:							
National and local - paid through							
Jewish Federation of Metropolitan Chicago	$ 41,270,594	$ -	$ -	$ 41,270,594	$ 9,760	$ 41,280,354	$ 40,025,631
Overseas - paid through							
Jewish Federations of North America	36,035,337	-	-	36,035,337	-	36,035,337	37,170,408
Other organizations	1,394,248	-	-	1,394,248	-	1,394,248	1,750,215
Total allocations	78,700,179	-	-	78,700,179	9,760	78,709,939	78,946,254
Operating expenses:							
Salaries	3,164,167	4,739,888	3,339,068	11,243,123	-	11,243,123	10,616,013
Fringe benefits	871,239	1,515,760	774,471	3,161,470	-	3,161,470	3,110,176
	4,035,406	6,255,648	4,113,539	14,404,593	-	14,404,593	13,726,189
Professional fee and service payments	690,991	326,997	71,560	1,089,548	748	1,090,296	1,175,024
Postage and shipping	156,417	69,723	86,406	312,546	-	312,546	341,536
Outside printing	316,744	11,233	111,773	439,750	-	439,750	466,880
Office supplies and other related expenses	51,073	11,419	57,307	119,799	332	120,131	133,655
Information technology	108,106	1,117,747	140,522	1,366,375	-	1,366,375	1,135,014
Occupancy	328,983	1,010,500	433,876	1,773,359	75,890	1,849,249	1,753,580
Transportation and travel	91,194	45,746	55,960	192,900	2,124	195,024	195,445
Conferences, conventions and meetings	88,238	200,926	44,842	334,006	-	334,006	329,620
Insurance	-	148,805	-	148,805	4,993	153,798	140,937
Advertising	40,853	-	87,330	128,183	-	128,183	140,914
Missions	1,933,157	-	-	1,933,157	-	1,933,157	2,183,673
Events	71,287	-	3,036,284	3,107,571	-	3,107,571	3,632,433
Interest expense	221,389	138,215	-	359,604	-	359,604	321,275
Credit card fees	408,180	-	-	408,180	-	408,180	555,192
Miscellaneous	126,562	47,901	76,411	250,874	604	251,478	229,000
Total operating expenses	8,668,580	9,384,860	8,315,810	26,369,250	84,691	26,453,941	26,460,367
Depreciation and amortization	36,047	505,665	45,808	587,520	23,647	611,167	2,871,957
	$ 87,404,806	$ 9,890,525	$ 8,361,618	$ 105,656,949	$ 118,098	$ 105,775,047	$ 108,278,578

See notes to financial statements.

Jewish United Fund of Metropolitan Chicago

Statement of Cash Flows
December 31, 2019 (With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 20,938**	$ (4,739,419)
Depreciation and amortization	**611,167**	2,871,957
(Gain) loss on investment transactions	**(14,951,296)**	3,200,107
(Increase) decrease in amount due from participating employers for pension benefits due to actuarial gains/losses and change in assumptions	**(2,974,690)**	2,503,512
Increase (decrease) in pension liability due to actuarial gains/losses and change in assumptions	**6,720,444**	(3,718,781)
Changes in:		
Pledges receivable	**6,636,362**	(859,785)
Due to/from JFMC Facilities Corporation	**470,155**	168,481
Prepaid expenses, deposits and other receivables	**699,058**	166,214
Amount due from participating employers for pension benefits	**(1,382,546)**	(1,159,753)
Allocations payable to beneficiaries	**327,628**	7,244,237
Accounts payable and accrued expenses	**536,281**	(95,714)
Deferred income	**51,205**	(415,500)
Liability for pension benefits	**2,779,138**	2,335,037
Net cash (used in) provided by operating activities	**(456,156)**	7,500,593
Cash flows from investing activities:		
Proceeds from sale of securities	**7,282,580**	8,875,693
Purchases of securities	**(714,789)**	(14,873,095)
Capital expenditures	**(1,008,364)**	(103,752)
Increase in other investments	**(49,768)**	(165,255)
Net cash provided by (used in) investing activities	**5,509,659**	(6,266,409)
Cash flows from financing activities:		
Decrease in due to Jewish Federation of Metropolitan Chicago	**(4,522)**	(139,018)
Net cash used in financing activities	**(4,522)**	(139,018)
Increase in cash and cash equivalents	**5,048,981**	1,095,166
Cash:		
Beginning of year	**8,614,093**	7,518,927
End of year	**$ 13,663,074**	$ 8,614,093
Supplemental disclosure of cash flow information:		
Interest paid	**$ 359,604**	$ 331,088

See notes to financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Jewish United Fund of Metropolitan Chicago (Jewish United Fund) is a nonprofit social service organization that conducts fundraising activities by means of annual calendar year campaigns, and makes domestic and overseas allocations to beneficiary organizations, primarily the Jewish Federation of Metropolitan Chicago (Jewish Federation) and the Jewish Federations of North America (JFNA). Overseas allocations are paid through JFNA, which is a U.S. nonprofit organization. Jewish United Fund provides critical resources that bring food, refuge, healthcare, education and emergency assistance to 500,000 Chicagoans of all faiths and to millions of Jews in Israel and around the world.

Significant accounting policies followed by Jewish United Fund are as follows:

General: The financial statements have been prepared in conformity with accounting principles applicable to nonprofit organizations except for the effects of not consolidating the financial statements of the Jewish Federation.

The guidance on reporting of related entities by not-for-profit organizations requires not-for-profit organizations with a controlling financial interest in another not-for-profit organization to consolidate that other organization. Jewish United Fund meets the definition of having a "controlling financial interest" in the Jewish Federation by having a common board of directors and officers and through its financial support of the Jewish Federation (see Note 3). Accordingly, generally accepted accounting principles (GAAP) require that Jewish United Fund consolidate the Jewish Federation. Management of the organizations believes that it is not practicable to consolidate the Jewish Federation because the Jewish Federation is required by certain funding sources to maintain a June 30 fiscal year-end and Jewish United Fund has elected to retain its December 31 year-end to coincide with its personal contributors' tax year-ends. Accordingly, compliance with the guidance on reporting of related entities by not-for-profit organizations would require the Jewish Federation to undergo two separate audits each year, which would cause a financial and administrative burden on the organizations, thereby negatively impacting their ability to fulfill their charitable mission. Based on the foregoing, management has determined that the cost of consolidating the Jewish Federation outweighs the benefits obtained therefrom and, accordingly, has not consolidated the Jewish Federation in the accompanying financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Summarized audited financial information of the Jewish Federation as of and for the year ended June 30, 2019, consists of:

		In Thousands
Assets		
Cash and cash equivalents	$	65,874
Investments		1,881,355
Pledges and other receivables		34,168
Beneficial interest in charitable trusts		39,013
Other assets		135,585
	$	2,155,995
Liabilities		
Loans payable	$	15,800
Tax-exempt debt		6,145
Funds held for others		21,088
Funds invested on behalf of unitholders		303,059
Other liabilities		72,539
		418,631
Net assets		
Without donor restrictions:		
Noncontrolling interest in investments		54,445
Designated by the governing board for the following:		
Donor-advised funds		222,409
Long-term investments		1,240,299
With donor restrictions		220,211
		1,737,364
	$	2,155,995
Revenue		
Allocation from Jewish United Fund	$	37,555
Contributions and other public support		184,172
Investment earnings and unrealized gains		127,204
Other revenue		5,427
		354,358
Expenses		
Appropriations and distributions and grants		186,018
Other expenses		18,018
		204,036
Increase in net assets before noncontrolling interest in investments		150,322
Noncontrolling interest in investments		(21,745)
Increase in net assets	$	128,577

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

If the financial statements of the organizations were to be consolidated, the major items that would be eliminated on consolidation would be the annual allocation from Jewish United Fund to the Jewish Federation and the interagency loan, together with interest thereon (see Notes 3 and 7).

As described in Note 5, Jewish United Fund charges the Jewish Federation directly for its share of common expenses. Such expenses and subsequent recovery of expenses are not reflected separately on the statement of activities.

Basis of presentation: The financial statements are presented in accordance with the guidance on financial statements of not-for-profit organizations, which establishes standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions – based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions, including the carrying value of all physical properties (land, buildings and equipment). Items that affect (i.e., increase or decrease) this net asset category include pledges received, program service fees and all expenses associated with the core activities of the organization. In addition to these activities, changes in this category of net assets include certain types of board designated funds, investment income and restricted contributions whose donor-imposed restrictions were met during the fiscal period.

Net assets with donor restrictions: Net assets subject to restrictions imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the organization or the passage of time. Such items include pledges restricted by donors for future years' campaigns, which are reflected as contributions with donor restrictions on the statement of activities. In the subsequent year when the time restriction is fulfilled, a transfer is recorded to net assets without donor restrictions and included as revenue of the current year's campaign. Net assets with donor restrictions also include legacies and bequests received for use in future years or for specific projects that have not yet been completed. Some donor restrictions are perpetual in nature, in which the donor has stipulated that the funds be invested in perpetuity.

Revenue recognition: Contributions without donor restrictions are recorded when received and consist of campaign pledges received for the current year, transfers of current-year campaign pledges received and recorded as restricted in prior years, and the final adjustments on prior years' campaigns. In addition, legacies and bequests are recorded when the amount is known and uncontested. Collections received on "closed" campaigns are included with contribution income in the year received.

Contributions with donor restrictions consist of pledges received in the current year for future years' campaigns.

Service fees collected for programs, events and missions supporting future years' campaigns are deferred until the applicable campaign year. Other program service fee revenue is recognized when the program takes place. These services fees have distinct performance obligations and do not consist of multiple transactions. Jewish United Fund did not have any outstanding receivables arising from these service agreements at December 31, 2019 and there are no incremental costs of obtaining these service agreements. There are no significant changes in the judgments affecting the determination of the amount and timing of revenue from these arrangements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Unexpended prior-year allocations represent allocations approved by the Board in prior fiscal years that were not paid. Jewish United Fund has recognized the recovery of a portion of these funds by reducing allocations payable and recognizing other income.

Cash concentrations: Jewish United Fund maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Jewish United Fund has not experienced any losses in such accounts. Management believes that Jewish United Fund is not exposed to any significant credit risk on its cash and cash equivalents.

Investment in PEP: Jewish United Fund has invested its assets in the JFMC Pooled Endowment Portfolio, LLC (PEP). The Jewish Federation is the manager and administrator of the PEP and is also the majority owner of the PEP. As manager, the Federation owned 80% of the PEP, as of December 31, 2019, and Jewish United Fund has a 14.6% interest in the Federation’s portion of the PEP. The investment in the PEP is recorded at its estimated fair value based on the net asset value per share.

Investment transactions and related income: Jewish United Fund records investment transactions on a trade date basis. Realized gains and losses on investment transactions and change in unrealized gain (loss) on investments are reported as such on the statement of activities. Interest income is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date. Investment fees are presented net against gains (losses) on investment activity.

Pledges receivable and allowance for uncollectible pledges: Pledges receivable are recorded for donors’ unconditional promises to give to Jewish United Fund. Provision is made for estimated losses on collection of unpaid pledges at the end of each campaign year and, in subsequent years, charges are made to the "Allowance for Uncollectible Pledges" for uncollectible pledge adjustments. Any adjustment in the allowance account in a year succeeding a campaign year is charged or credited to contribution income of the adjustment year. The allowance account for a regular campaign year is closed at the end of the second year following its conclusion.

Life insurance policies received as contributions: Cash surrender value of insurance policies on the lives of individuals, where ownership of the policies has been assigned to Jewish United Fund as contributions, is reflected as an investment in the policies (see Note 8) and is included in other investments on the statement of financial position.

Prepaid expenses, deposits and other receivables: Prepaid expenses, deposits and other receivables are comprised of costs related to events and missions for future years’ campaigns, prepaid insurance and receivables for sponsorships, event registration fees and JUF News advertisements.

Property and equipment: Property and equipment is recorded at cost or, if donated, at fair value at the time of donation. Provisions for depreciation of property and equipment are computed on the straight-line method over the estimated useful lives of the assets which range from five to seven years for office equipment and furniture, three to twelve years for software and four years for vehicles (see Note 9).

Allocations payable to beneficiaries: Amounts approved by the Board of Directors to be paid to beneficiary organizations are included in allocations payable to beneficiaries if unpaid at year-end. Adjustments are periodically made to allocations payable based on Board action.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional expenses: Operating expenses directly identified with a specific functional area are fully allocated to that area. Operating expenses attributable to multiple functional areas are allocated based on a methodology established and consistently applied by management. Occupancy expenses are allocated on the basis of square footage. Certain expenses pertaining to Jewish United Fund's Communications and Campaign departments are allocated using ratios based on management's estimate of time and effort.

Donated services: No amounts have been reflected herein for donated services because they do not meet the defined requirements for inclusion in the financial statements.

Management estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current-year presentation without affecting prior-year net asset balances.

Income taxes: Jewish United Fund, an Illinois not-for-profit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

Jewish United Fund has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Jewish United Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Jewish United Fund and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2019, there were no unrecognized tax benefits identified or recorded as liabilities.

Jewish United Fund files Form 990 and Form 990-T in the U.S. federal jurisdiction and the state of Illinois.

Adopted accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of the revenue to which it expects to be entitled for the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. Jewish United Fund adopted this new standard effective for the year ended December 31, 2019, using the modified retrospective method. Jewish United Fund's revenue arrangements, on exchange-based transactions, are recognized over time and consist of performance obligations that are satisfied over a period of no more than one year. Fees from campaign and administrative programs, fees from departmental services, and JUF News revenue are those line items subject to this standard. Based on Jewish United Fund's review of its contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statements of activities and changes in net assets, but did result in additional disclosure.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Adopted accounting pronouncements (continued): In 2019, Jewish United Fund adopted ASU 2018-18, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. There was no significant impact from adoption of this standard on the financial statements.

Pending accounting pronouncements: In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for Jewish United Fund in the year ending December 31, 2022; early adoption is permitted. Jewish United Fund is currently evaluating the impact of the adoption of this standard on its financial statements.

Subsequent events: On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the virus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Jewish United Fund operates.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions. Further, stock markets in the United States and globally have recently experienced significant declines attributed to COVID-19 concerns. Market fluctuations may affect the value of the Jewish United Fund's investment in the PEP and those fluctuations at times may be material.

Jewish United Fund applied for and received on April 15, 2020, a loan from the Paycheck Protection Program, a loan program administered through the Small Business Administration, in conjunction with the Coronavirus Aid, Relief and Economy Security Act (CARES Act). The loan amount is equal to 2.5 months of eligible payroll expenses, bears interest at 1% and is repayable in two years. However, the loan may be partially forgiven if certain conditions are met. On June 5, 2020, the Paycheck Protection Flexibility Act was passed into law which extended the loan repayment period from two years to five years. As of the date of this report, it was unclear as to whether future legislation will be enacted which could have an impact on the loan.

Jewish United Fund has evaluated subsequent events for potential recognition and/or disclosure through June 23, 2020, the date the financial statements were available to be issued.

Note 2. Liquidity

Jewish United Fund regularly monitors liquidity required to meet its operating needs and other commitments. As of December 31, 2019, financial assets available within one year to meet general operating needs are as follows:

Cash	$ 10,783,226
Pledges receivable due within one year, net of allowance for uncollectible pledges	43,669,664
Campaign endowment distributions	7,105,085
	$ 61,557,975

Jewish United Fund's annual campaign revenue is mainly comprised of contributions without donor restrictions and thus collections from the campaign are available to meet the organization's cash needs. Campaign pledges are collected throughout the year but the organization's cash position does have seasonal variations due to a large volume of contributions received near year-end.

Jewish United Fund has various campaign endowment funds, which totaled approximately $138 million as of December 31, 2019, from which distributions are made annually based on the organization's approved spending policy (see Note 12) and credited to the annual campaign. Approximately $7.1 million is expected to be withdrawn from campaign endowment funds in 2020.

To manage liquidity, campaign endowment distributions are made on a quarterly basis and the Jewish Federation makes advances to Jewish United Fund, as necessary, to support the cyclical nature of collections.

Note 3. Allocations

Allocations made by Jewish United Fund to beneficiary organizations from the 2019 campaign consist of:

	Jewish Federation of Metropolitan Chicago	Overseas - Jewish Federations of North America	Other Organizations	Total
Regular campaign	$ 39,732,928	$ 27,446,852	$ 35,000	$ 67,214,780
Other grants	1,547,426	8,588,485	1,359,248	11,495,159
	$ 41,280,354	$ 36,035,337	$ 1,394,248	$ 78,709,939

The regular campaign allocation to the Jewish Federation is used to fund a substantial portion of its operating expenses.

Allocations payable to beneficiaries at December 31, 2019, consist of:

Overseas	$ 14,921,847
Jewish Federation	32,964,406
Other beneficiaries	35,000
	$ 47,921,253

Note 4. Contribution Revenue and Pledges Receivable

Pledges receivable at December 31, 2019, net of allowances for uncollectible pledges, consist of:

Future years' campaigns	$ 33,723,474
Current year's campaign	14,673,721
Prior year's campaign	2,240,890
	50,638,085
Allowance for uncollectible pledges	(5,845,127)
	$ 44,792,958

Note 5. Operating Expenses

Pursuant to an arrangement between Jewish United Fund and the Jewish Federation (which operate from common premises and, in many instances, utilize the same personnel), Jewish United Fund makes expenditures of all common expenses and charges the Jewish Federation for its share thereof. Such common expenses are allocated among the two organizations based, in part, on specific identification of certain expenses and, in part, by allocating other expenses on the basis of previously determined ratios.

For the year ended December 31, 2019, Jewish United Fund has charged the Jewish Federation for such expenses in the net amounts of $3,848,870. The operating expenses of Jewish United Fund reflected in the statement of functional expenses are stated net of such allocated charges.

Jewish United Fund leases office space (at 30 South Wells Street, Chicago, Illinois) from the JFMC Facilities Corporation for which it pays rentals. Total rentals paid to the JFMC Facilities Corporation in 2019 were $1,740,782, which is included in the occupancy line of the statement of functional expenses.

Note 6. Fair Value Measurements and Investments in Securities

As described in Note 1, Jewish United Fund records its investments at fair value. Guidance provided by FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Jewish United Fund utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the guidance on fair value measurements are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Note 6. Fair Value Measurements and Investments in Securities (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Jewish United Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The following section describes valuation techniques used by Jewish United Fund to measure its financial instruments at fair value and includes the level within the fair value hierarchy in which they are categorized.

The availability of valuation techniques and observable inputs can vary from instrument to instrument and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Jewish United Fund’s investment of $137,956,206 represents its allocable share in the PEP and is measured at fair value using the net asset value per share (NAV) practical expedient and has not been categorized in the fair value hierarchy.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those instruments.

Jewish United Fund assesses the levels of its investment at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with Jewish United Fund’s accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for the year ended December 31, 2019.

The practical expedient allows for investments such as opportunistic funds, certain equity and credit funds and also real asset funds and real estate funds, to be valued at NAV, which represents fair value and are not classified in the fair value hierarchy.

The PEP invests in various types of investments including: mutual funds, money market funds, equity and credit securities, alternative investments and other investment vehicles. Jewish United Fund does not own or have any interest in the underlying investments held in the PEP. Jewish United Fund has the ability to contribute funds or withdraw funds from its account on the first day of each month. Withdrawal requests are required to be submitted to the PEP in writing at least 15 days prior to the beginning of each month and withdrawals representing more than 80% of an investor’s assets are paid within 60 days.

The investment in the non-registered investment company consisting of the PEP, is valued at fair value, as determined by Jewish United Fund based on net asset information (practical expedient) provided by the PEP's manager. In determining fair value, Jewish United Fund utilizes the valuation reflected on the financial statements and other financial reports of the PEP. The PEP values securities and other financial instruments at fair value based upon market price, when possible, or at fair value determined by the PEP's manager when no market price is determinable. Although Jewish United Fund and the PEP's manager use their best judgment in estimating the fair values, there are inherent limitations in any estimation technique. The estimated fair values of certain investments of the PEP, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

Note 6. Fair Value Measurements and Investments in Securities (Continued)

As of December 31, 2019, $14,600,585 of Jewish United Fund's investment in the PEP is subject to donor restrictions.

Jewish United Fund, through its investment in the PEP, enters into transactions with a variety of securities and derivative financial instruments. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of financial position.

Market risk of investment in pooled endowment portfolio: Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the overall exposure to market risk. The Jewish Federation attempts to control the PEP's exposure to market risk through various analytical monitoring techniques.

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. Exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which there is a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges.

Concentration of credit risk: In the event the PEP does not fulfill its obligations, Jewish United Fund may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The PEP attempts to minimize this risk by monitoring the creditworthiness of the managers and clearing brokers.

Investments in funds: The managers of underlying investment funds in which the PEP invests may utilize derivative instruments with off-balance-sheet risk. Jewish United Fund's exposure to risk is limited to its allocable share of the PEP's investment.

Note 7. Due to/from Jewish Federation and JFMC Facilities Corporation

Amounts due to/from the Jewish Federation and JFMC Facilities Corporation as of December 31, 2019, consist of:

Amounts due to JFMC Facilities Corporation:	
Occupancy	$ 320,166
Amounts due to Jewish Federation:	
Other	$ 8,000

From time to time, Jewish Federation makes advances to Jewish United Fund to support the organization's cyclical nature of cash receipts. These borrowings bear interest at LIBOR plus .55% (2.31% at December 31, 2019) and as of December 31, 2019, there was no outstanding balance owed to Federation in connection with this arrangement. Interest expense related to these advances totaled $221,389 for the year ended December 31, 2019.

Note 8. Other Investments

Other investments at December 31, 2019, consist of:

Investment in insurance policies	$ 3,968,733
Other investments	208,517
	$ 4,177,250

Jewish United Fund received, as contributions, assignments of the ownership (and designations as beneficiary) of insurance policies on the lives of several donors. The investment in the policies represents the cash surrender value.

Note 9. Property and Equipment

Property and equipment of Jewish United Fund, stated at acquisition cost, at December 31, 2019, consists of:

Computer software and equipment	$ 4,562,830
Land	1,986,131
Buildings and improvements	771,752
Equipment, furniture and vehicles	180,322
	7,501,035
Accumulated depreciation and amortization	(3,786,743)
	$ 3,714,292

The provision for depreciation of equipment and amortization of software for the year ended December 31, 2019, was $611,167. Fully depreciated equipment (whether or not continued in use) is written off against the respective accumulated depreciation account.

Note 10. Defined Benefit Plan

Jewish United Fund is the sponsoring employer of the Federation Employees' Retirement Income Plan (FERIP), which is treated as a multi-employer plan for accounting purposes. FERIP is a noncontributory defined benefit plan which covers substantially all of the organizations' exempt employees who have performed one year of service. Participating employers in FERIP include: Jewish Federation of Metropolitan Chicago, JFMC Facilities Corporation, Chicago Board of Rabbis, CJE Senior Life, Jewish Child & Family Services and Jewish Community Centers of Chicago (participating employers). FERIP provides defined benefits based on years of service and final average salary. Jewish United Fund and the participating employers contribute to FERIP annually as determined by the plan's actuary.

In accordance with the guidance on employers' accounting for defined benefit pension and other postretirement plans, the liability for pension benefits reflects the total underfunded position of FERIP (the difference between the fair value of plan assets and the projected benefit obligation). To account for the participating employers' portion of the pension liability and corresponding expense, Jewish United Fund records an asset and reduces the pension expense which is allocated to operating expenses of the various departments. As of December 31, 2019, this asset totaled $33,163,609. In addition, Jewish United Fund maintains a board designated investment for retirement benefits which was valued at $1,023,491 at December 31, 2019, to fund possible future liabilities of FERIP.

Note 10. Defined Benefit Plan (Continued)

Plan contributions and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates, mortality rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements. The fair value of plan assets is subject to the market volatility of the underlying investments.

The measurement date used to determine benefit obligations and fair value of plan assets was December 31, 2019.

Information relative to Jewish United Fund's benefit obligations for FERIP (including all participating employers) are presented below:

Obligations and funded status:

Fair value of plan assets	$ 95,340,704
Projected benefit obligation	(155,883,366)
Unfunded status (of which $33,163,609 pertains to the participating employers)	$ (60,542,662)

Amounts reported on the statement of financial position consist of:

Amounts due from participating employers for pension benefits	$ 33,163,609
Liability for pension benefits	(60,542,662)
Net liability	$ (27,379,053)

Amounts recognized on the statement of activities as a change in net assets without donor restrictions:

Pension expense recognized in operations	$ 2,897,723	
Amounts recognized on the statement of activities as pension-related changes other than pension expense	3,745,754	
	6,643,477	
Add: net amount pertaining to participating employers	6,531,158	
	$ 13,174,635	*

Amounts not yet recognized as components of pension expense included in net assets without donor restrictions:

Prior service cost	$ -	
Net loss	18,324,230	
	18,324,230	
Add: net amount pertaining to participating employers	23,217,371	
	$ 41,541,601	*

Note 10. Defined Benefit Plan (Continued)

Amounts recognized for the year:

2019 employer contributions - JUF	$	1,501,131	
Add: net amount pertaining to participating employers		2,173,922	
Total FERIP contributions	$	3,675,053	*
Benefits paid during 2019 - JUF	$	2,100,069	
Add: net amount pertaining to participating employers		3,953,717	
Total FERIP benefits paid	$	6,053,786	*

* Amounts per actuary report

Weighted-average assumptions used in computing obligations and net periodic pension cost:

Benefit obligations:		
Discount rate	3.38	%
Rate of compensation increases	3.00	
Net periodic benefit cost:		
Discount rate	4.47	%
Rate of compensation increases	3.00	
Expected return on plan assets	6.00	

Jewish United Fund's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive review of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

For the year ended December 31, 2019, a discount rate on benefit obligations of 3.38% was used (2018 – 4.47%).

For the year ended December 31, 2019, the RP-2014 Mortality Table for Males and Females was used in the determination of the present value of accumulated plan benefits. These tables are projected forward generationally using projection scale MP-2019.

Jewish United Fund's investment policy for FERIP includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with like institutions employing similar investment strategies.

Note 10. Defined Benefit Plan (Continued)

Jewish United Fund's investment policy for FERIP's overall investment strategy is to allocate approximately 60% of assets to a diversified equity-oriented return-seeking portfolio and 40% to a liability-hedging portfolio invested primarily in long duration fixed-income vehicles. Target allocations within the return-seeking portfolio are as follows: 70% to U.S. and international equity, 10% to global real estate and 20% to return-seeking credit investments. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

Expected required employer contributions for 2020 (of which $2,195,657 pertains to the participating employers)	$ 3,711,802

The following benefit payments, which reflect future service, are expected to be paid:

2020	$ 6,793,000
2021	7,169,000
2022	7,504,000
2023	7,686,000
2024	7,853,000
2025-2029	41,091,000
	$ 78,096,000

The fair values of FERIP's assets at December 31, 2019, by asset category, are as follows:

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valued Using Net Asset Value (1)	Total
Money market fund	$ 1,872,103	$ -	$ -	$ -	$ 1,872,103
Domestic fixed income	-	-	-	47,277,850	47,277,850
Domestic equity	-	-	-	15,260,046	15,260,046
International equity	-	-	-	25,283,367	25,283,367
Real estate	-	-	-	5,464,591	5,464,591
Absolute return hedge funds	-	-	-	182,747	182,747
Total	$ 1,872,103	$ -	$ -	$ 93,468,601	$ 95,340,704

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

For the year ended December 31, 2019, there were no transfers between Levels 1, 2 and 3.

Note 10. Defined Benefit Plan (Continued)

Investments in money market, equity and fixed income funds are traded on national securities exchanges and are stated at the last reported sales price on the day of valuation.

Alternative investments and other investment vehicles are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date, as determined by Jewish United Fund. In determining fair value, Jewish United Fund utilizes valuations and other information provided by the underlying investment funds. The underlying investment funds value securities and other financial instruments substantially on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the managers of the respective investment fund and may not reflect amounts that ultimately may be realized. The fair value of Jewish United Fund's alternative investments generally represents the amount expected to be received if Jewish United Fund were to liquidate its alternative investments, excluding any redemption charges that may apply. Accordingly, the estimated fair values of the alternative investments may differ significantly from the values that would have been used had a ready market existed for these investments.

In addition to sponsoring FERIP, Jewish United Fund is an employer participant in Federation Employees' Retirement Savings Trust Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERST).

FERST is a noncontributory defined contribution plan, employer contributions to which are computed on the basis of a percentage of salary. FERST plan participants include Jewish United Fund employees who have completed one year of service and are covered by a collective bargaining agreement.

Gross contributions provided by Jewish United Fund (determined on the basis of salaries of participating employees) were approximately $65,000 for 2019.

Note 11. Self-Insurance Programs and Retirement Plans

Jewish United Fund participates with the Jewish Federation and its affiliated agencies in self-insurance programs for health and dental insurance. Contributions by Jewish United Fund for such coverage (made to the Jewish Federation as custodian for these programs) amounted to approximately $944,052 as of December 31, 2019. All self-insurance programs include specific and aggregate stop loss insurance policies.

Note 12. Endowment Net Assets

Jewish United Fund's endowment consists of donor-restricted funds established for a variety of purposes. In addition, its endowment includes funds designated by the Board of Directors to function as endowments. These funds are categorized as board designated. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors of Jewish United Fund has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original 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, Jewish United Fund retains in perpetuity (a) the original value of the initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Jewish United Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Jewish United Fund considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1) The duration and preservation of the fund;
2) The purpose of Jewish United Fund and the donor-restricted 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 Jewish United Fund; and
7) The investment policies of Jewish United Fund.

Changes in Endowment Net Assets
The changes in endowment net assets for Jewish United Fund were as follows for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 114,745,491	$ 13,921,036	$ 128,666,527
Investment return:			
Investment income	560,463	16,391	576,854
Gain on investment activity (net of realized and unrealized and related fees)	13,909,939	929,298	14,839,237
	14,470,402	945,689	15,416,091
Contributions	133,716	-	133,716
Other changes:			
Distributions	(7,054,979)	(228,640)	(7,283,619)
Endowment net assets, end of year	$ 122,294,630	$ 14,638,085	$ 136,932,715

Note 12. Endowment Net Assets (Continued)

Funds with Deficiencies
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 Illinois UPMIFA requires Jewish United Fund to retain as a fund of perpetual duration. Jewish United Fund has interpreted UPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law. Deficiencies of this nature are reported in net assets with donor restrictions. Certain funds with original gift values totaling approximately $11,083,000 had deficiencies of $1,285,000 at December 31, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. In addition, Jewish United Fund also has funds with donor restrictions, which are to be maintained in perpetuity, with an accumulated surplus. The fair values of such funds at December 31, 2019 were approximately $773,000 more than the original gift amounts of $959,000.

Return Objectives and Risk Parameters
Jewish United Fund has adopted investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve an annualized long-term average nominal return which is approximately equal to the long-term average return of the market as a whole, but with less volatility than the overall market. Actual returns in any given year may vary significantly from the targeted amount.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, Jewish United Fund relies on a total return strategy in which returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Jewish United Fund's policy is to invest 100% of the endowment in the PEP (Note 6).

Spending Policy
Jewish United Fund’s spending policy uses a 4% spending rate for all newly established endowment funds. For existing endowment funds, a 4% spending rate will be phased in over a period of years.

Note 13. Board Designated Net Assets

Net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Campaign endowment	$ 124,773,901
Israel Partnership 2000	113,176
Birthright Program	182,613
Retirement benefits	(25,955,710)
Other	2,259,515
	$ 101,373,495

Note 14. Prior-Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Jewish United Fund's financial statements for the year ended December 31, 2018, from which the summarized information was derived.