Jewish Federation of Metropolitan Detroit Pension Plan

Financial Report

December 31, 2020

Contents

Plante & Moran, PLLC
P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Plan Administrator
Jewish Federation of Metropolitan Detroit Pension Plan

We have audited the accompanying financial statements of Jewish Federation of Metropolitan Detroit Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits - modified cash basis and accumulated plan benefits - modified cash basis as of December 31, 2020 and 2019 and the related statements of changes in net assets available for benefits - modified cash basis and changes in accumulated plan benefits - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Modified Cash Basis Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of modified cash basis 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 modified cash basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the modified cash basis 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 modified cash basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the modified cash basis 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the modified cash basis financial statements.

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

Opinion

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2020 and 2019 and the changes in its financial status for the years then ended, on the modified cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 to the modified cash basis financial statements, which describes the basis of accounting. The financial statements and supplemental schedule are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Plan Administrator
Jewish Federation of Metropolitan Detroit Pension Plan

Emphasis of Matter

As explained in Note 3, the financial statements include investments valued at approximately $8,428,000 (45 percent of net assets) at December 31, 2020 and $8,408,000 (43 percent of net assets) at December 31, 2019, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by Comerica Bank. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

Southfield, Michigan
October 7, 2021

Jewish Federation of Metropolitan Detroit Pension Plan

Statement of Net Assets Available for Benefits - Modified Cash Basis

December 31, 2020 and 2019

	2020	2019
Assets		
Investments:		
Money market	$ 638,990	$ 1,313,997
Mutual funds	9,631,981	9,766,105
Direct hedge funds	8,334,973	8,312,718
Private equity	93,373	94,930
Total investments	18,699,317	19,487,750
Liabilities - Due to Jewish Federation of Metropolitan Detroit	82,829	74,307
Net Assets Available for Benefits	**$ 18,616,488**	**$ 19,413,443**

See notes to financial statements.

Statement of Changes in Net Assets Available for Benefits - Modified Cash Basis

Years Ended December 31, 2020 and 2019

	2020	2019
Additions		
Contributions:		
Employee	$ 585	$ 2,337
Employer	1,103,579	653,850
Total contributions	1,104,164	656,187
Investment income:		
Interest and dividends	510,798	488,531
Net realized and unrealized gains on investments	792,952	2,243,558
Total investment income	1,303,750	2,732,089
Total additions to net assets	2,407,914	3,388,276
Deductions		
Benefits paid directly to participants or beneficiaries	3,059,564	2,425,332
Administrative expenses	145,305	146,611
Total deductions from net assets	3,204,869	2,571,943
Net (Decrease) Increase	(796,955)	816,333
Net Assets Available for Benefits		
Beginning of year	19,413,443	18,597,110
End of year	**$ 18,616,488**	**$ 19,413,443**

See notes to financial statements.

Statement of Accumulated Plan Benefits - Modified Cash Basis

December 31, 2020 and 2019

	2020	2019
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits:		
Active participants	$ 6,104,930	$ 7,587,016
Terminated vested participants	6,193,195	6,684,269
Retirees and beneficiaries	8,233,662	7,828,809
Total vested benefits	20,531,787	22,100,094
Nonvested benefits	133,248	168,307
Total Actuarial Present Value of Accumulated Plan Benefits	**$ 20,665,035**	**$ 22,268,401**

See notes to financial statements.

Statement of Changes in Accumulated Plan Benefits - Modified Cash Basis

Years Ended December 31, 2020 and 2019

	2020	2019
Actuarial Present Value of Accumulated Plan Benefits - Beginning of year	$ 22,268,401	$ 23,141,406
(Decrease) increase during the year attributable to:		
Benefits accumulated and other plan experience	(234,165)	321,587
Benefits paid	(3,059,564)	(2,425,332)
Changes in actuarial assumptions	403,142	(129,972)
Increase due to decrease in discount period	1,287,221	1,360,712
Net decrease	(1,603,366)	(873,005)
Actuarial Present Value of Accumulated Plan Benefits - End of year	**$ 20,665,035**	**$ 22,268,401**

See notes to financial statements.

Note 1 - Plan Description

The following description of Jewish Federation of Metropolitan Detroit Pension Plan (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan provides for two distinct classifications: nonunion participants and union participants. Under the Plan, an employee who is a member of a collective bargaining unit and, thereby, subject to a collective bargaining agreement with the Jewish Federation of Metropolitan Detroit (the "Federation") or its participating affiliated agencies is governed by the union participant portions of the plan document. An employee who is not subject to a collective bargaining unit is governed by the nonunion participant portions of the plan document.

The Plan is a defined benefit plan with cash balance and traditional career average with employee contributory features based on the participant classification. The nonunion participants are covered under the cash balance portion of the Plan. The cash balance portion of the Plan expresses the participant's accrued benefit as a single cash value instead of an annuity. Some employees' benefits also include a grandfathered traditional pension benefit earned for service in prior years. The union participants are covered under the career average employee contributory portion of the Plan.

On March 1, 1996, the Internal Revenue Service ruled that the Plan is considered a church plan within the meaning of Section 414(e) of the Internal Revenue Code (IRC); therefore, it is not subject to certain provisions of the IRC and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility and Vesting

The Plan is frozen to participation and accumulation of benefits to all nonunion employees of the participating employers.

A union employee is provided coverage under this Plan upon reaching the age of 21 and upon completing at least 870 hours of service during the first 12 consecutive months of employment or upon completing 870 hours of service during a calendar year and upon agreeing to make the specified employee contributions. A union participant earns a year of credited service for each calendar year in which at least 1,744 hours of service are completed. Those union participants who earn less than 1,744 hours of service in a calendar year will earn a fractional year based on a schedule outlined in the Plan. Each union participant is required to contribute to the Plan an amount equal to 2.5 percent of the first $750 of monthly compensation, plus 5 percent of monthly compensation (as defined in the plan document) in excess of $750 until age 65. Union participants are fully vested in their contributions to the Plan. During 2020, the final remaining union participants terminated employment. At December 31, 2020, there were no union participants continuing to accrue benefits.

All participants are 100 percent vested after five years of vested service.

Pension Benefits

The Plan provides for payment of normal retirement, early retirement, deferred vested retirement, disability, and death benefits to its participants or beneficiaries. Normal retirement benefits commence at age 65. Special provisions for retirement at ages other than the normal retirement age are described in the Plan.

Note 1 - Plan Description (Continued)

All participants may receive benefits in the form of an annuity, with or without a certain period guaranteed, or a joint and survivor life annuity, with or without a certain period guaranteed. Union participants may also receive benefits in the form of a full cash refund annuity or a modified cash refund annuity. Nonunion participants may also receive benefits in the form of a lump-sum payment or a full cash refund annuity or a modified cash refund annuity based on the value of their accounts. Nonunion participant accounts are the accumulation of annual credits based on a percentage of annual salary, adjusted for the average annual rate on 30-year Treasury bond yields.

Funding

Contributions are made by the Federation and its participating affiliated agencies in actuarially determined amounts. A preliminary contribution is determined based on the Plan's normal cost and consideration of any unfunded liability, amortized over a period of years. The final contribution is recommended by the pension and insurance committee and approved by the finance committee.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Plan prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Revenue is recognized when cash is received, expenses are recognized when paid, and investments are recognized at fair value. On a GAAP basis of accounting, revenue is recognized as earned, and expenses are recognized when the obligations are incurred.

Investment Valuation

The Plan's investments are stated at fair value.

Investments in private equity and direct hedge funds are valued at net asset value per share (or its equivalent) of the funds based on audited financial statements of the funds, where available, with adjustments to account for partnership activity and other applicable valuation adjustments. All other investments are valued based on quoted market prices. See Note 3 for additional information.

Due to Jewish Federation of Metropolitan Detroit

Due to the Jewish Federation of Metropolitan Detroit represents the reimbursement payable for administrative expenses paid on behalf of the Plan by the Federation and its participating affiliated agencies during the year.

Contributions

Employer and employee contributions are recorded by the Plan in the year in which they are received by the Plan. Accumulated contributions of current union employees at December 31, 2020 and 2019 were $63,330 and $80,434, respectively, including interest credited at an interest rate, compounded annually, equal to 120 percent of the federal midterm rate in effect the first month of each calendar year.

Benefit Payments

Benefits are recorded when paid.

Administrative Expenses

Various administrative costs are paid by the Federation.

Note 2 - Summary of Significant Accounting Policies (Continued)

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable, under the Plan's provisions, to the service employees have rendered. These include benefits expected to be paid to the following:

(a) Retired or terminated employees or their beneficiaries

(b) Beneficiaries of employees who have died

(c) Present employees or their beneficiaries

Accumulated plan benefits for active employees are based on the applicable benefit rate, determined based on compensation, and the expected credited years of service at retirement. Benefits payable under all circumstances, retirement, death, disability, and termination of employment, are included to the extent deemed attributable to employee service rendered to the valuation date.

Actuarial Assumptions

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money and probability of payment between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation of the Plan at December 31, 2020 and 2019 are summarized as follows:

Actuarial cost method	Unit credit actuarial cost method
Mortality	Based on Pri-2012 Total Employee and Retiree Mortality Table, projected using the full generational scale MP-2020 for 2020 and MP-2019 for 2019
Cash balance interest credit	3.00% and 3.50% for 2020 and 2019, respectively
Discount rate	5.70% and 6.20% for 2020 and 2019, respectively

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The increase in actuarial present value of accumulated plan benefits for changes in actuarial assumptions in 2020 is due to a change in the mortality projection scales from MP-2019 to MP-2020, a change in the discount rate from 6.20 percent to 5.70 percent, and a change in the cash balance interest crediting rate from 3.5 percent to 3.0 percent in 2020. The decrease in actuarial present value of accumulated plan benefits for changes in actuarial assumptions in 2019 is due to a change in the mortality projection scales from MP-2018 to MP-2019 and a change in the mortality table from RP-2014 to Pri-2012.

Use of Estimates

The preparation of financial statements on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

Contributions to the Plan and the accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the financial statements.

The Plan maintains a hypothetical account in respect to each nonunion participant to track the members' credits to the Plan. Participant accounts are credited for interest, as provided by the Plan. The Federation and its participating affiliated agencies bear the risk that the Plan's actual rate of return may fall below the stated rate of interest to be credited to participant accounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 7, 2021, which is the date the financial statements were available to be issued.

Subsequent to year end, the Plan started the process to change custodians from Comerica to Key Bank. As of the issuance date, approximately $17,900,000 was transferred to Key Bank.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

Level 1

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Plan has the ability to access.

Level 2

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable for the asset.

Level 3

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Fair Value Measurements (Continued)

The following tables present information about the Plan's assets measured at fair value on a recurring basis at December 31, 2020 and 2019:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2020		
	Investments (at Fair Value)	Level 1	Net Asset Value
Money market funds	$ 638,990	$ 638,990	$ -
Mutual funds (1)	9,631,981	9,631,981	-
Direct hedge funds	8,334,973	-	8,334,973
Private equity	93,373	-	93,373
Total	$ 18,699,317	$ 10,270,971	$ 8,428,346

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2019		
	Investments (at Fair Value)	Level 1	Net Asset Value
Money market fund	$ 1,313,997	$ 1,313,997	$ -
Mutual funds (1)	9,766,105	9,766,105	-
Direct hedge funds	8,312,718	-	8,312,718
Private equity	94,930	-	94,930
Total	$ 19,487,750	$ 11,080,102	$ 8,407,648

(1) These investments include investments in closed funds, which can be redeemed daily based on the net asset value provided by the funds' managers. Balances in these types of funds was $477,330 and $370,300 as of December 31, 2020 and 2019, respectively.

Investments in Entities that Calculate Net Asset Value per Share

The Plan holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at December 31, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity	$ 93,373	$ 24,239	N/A	N/A
Direct hedge funds	8,334,973	-	Daily - Biennial	5 - 120 days
Total	$ 8,428,346	$ 24,239		

Note 3 - Fair Value Measurements (Continued)

	Investments Held at December 31, 2019			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity	$ 94,930	$ 24,239	N/A	N/A
Direct hedge funds	8,312,718	-	Quarterly-Biennial	45-120 days
Total	$ 8,407,648	$ 24,239		

Private equity invests directly in securities of companies that are generally not actively traded at the time of investment, securities that are perceived to be trading at distressed levels (many of which are illiquid), or a basket of private equity funds that invest in said securities. Additionally, they may make acquisitions of private equity limited partnership interests and direct investment portfolios with a focus on acquiring these interests at a significant discount. Investments may be in U.S. or foreign markets, and returns are expected to be higher than those that can be achieved in equity markets, albeit with higher expected volatility.

Direct hedge funds invest directly in debt, equity, and derivative securities to produce equity-like returns, but with reduced volatility. Strategies employed include long/short equity, multistrategy, arbitrage, relative value, and event driven. Beta exposure to markets will vary based on the degree of hedging utilized by the managers. Certain funds within this category may be subject to an investor gate, which may allow for only 25 percent redemption during any three-month period (a full request to withdrawal will be paid evenly over four quarters). The investments subject to this investor gate totaled approximately $5,657,000 and $5,569,000 at December 31, 2020 and 2019, respectively.

Note 4 - Tax Status

The Plan has received a determination letter from the Internal Revenue Service indicating that the Plan, as designed, is qualified for tax-exempt treatment under the applicable section of the Internal Revenue Code. Although the Plan has been amended since receiving the determination letter, management believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Note 5 - Plan Termination

Although the Federation and its participating affiliated agencies have not expressed an interest to terminate the Plan, in the event of termination of the Plan, all participants become fully vested in their accrued benefits. In the event the Plan terminates, the net assets of the Plan will be allocated generally to provide the following benefits in the order indicated, as noted in the plan document:

1. Provide benefits for mandatory member contributions and earnings and losses thereon.
2. Provide benefits equally among (a) participants or beneficiaries whose benefits have been, or could have been, in pay status for the entire three-year period prior to termination, at the lowest level provided by the Plan for the five years ended with the plan termination date and (b) such benefits that would have been in pay status if the member had retired three years before the plan termination date and his or her benefits had commenced in the normal form of an annuity under the Plan.
3. Provide all other vested benefits other than those becoming nonforfeitable solely on account of the termination of the Plan.
4. Provide all other benefits under the Plan.