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# Jewish Federation of Metropolitan Detroit 403(b) Plan

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**Financial Report  
December 31, 2020**

## **Jewish Federation of Metropolitan Detroit 403(b) Plan**

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## **Independent Auditor's Report**

To the Plan Administrator  
Jewish Federation of Metropolitan  
Detroit 403(b) Plan

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Jewish Federation of Metropolitan Detroit 403(b) Plan (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2020 and 2019 and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Ascensus, as agent for Ascensus Trust Company (Ascensus Trust), except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that Ascensus Trust holds certain of the Plan's investment assets and participant notes receivable and executes related transactions. The plan administrator has obtained a certification from Ascensus, as agent for Ascensus Trust Company, as of December 31, 2020 and 2019 and for the year ended December 31, 2020 that the information provided to the plan administrator is complete and accurate.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

### ***Other Matter***

The supplemental schedule of assets held at end of year as of December 31, 2020 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

To the Plan Administrator  
Jewish Federation of Metropolitan  
Detroit 403(b) Plan

**Report on Form and Content in Compliance with DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by Ascensus, as agent for Ascensus Trust Company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

*Plante & Moreau, PLLC*

Southfield, Michigan  
October 7, 2021

## Jewish Federation of Metropolitan Detroit 403(b) Plan

### Statement of Net Assets Available for Benefits

	December 31, 2020 and 2019	
	2020	2019
<b>Assets</b>		
Participant-directed investments at fair value:		
Mutual funds	\$ 21,188,333	\$ 18,942,790
Unallocated contracts	45,391	44,428
Total participant-directed investments at fair value	21,233,724	18,987,218
Participant-directed investments at contract value - Unallocated contract	945,862	220,767
Total investments	22,179,586	19,207,985
Contributions receivable - Employer	360,257	485,609
Participant notes receivable	127,602	155,239
<b>Net Assets Available for Benefits</b>	<b>\$ 22,667,445</b>	<b>\$ 19,848,833</b>

## Jewish Federation of Metropolitan Detroit 403(b) Plan

### Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2020

#### Additions to Net Assets

##### Contributions:

Employee	\$ 1,627,090
Employer	459,632
Rollovers	<u>122,234</u>

Total contributions 2,208,956

##### Investment income:

Interest and dividends	270,999
Net realized and unrealized gains on investments	<u>2,774,877</u>

Total investment gain 3,045,876

Interest from participant notes receivable 8,002

Total additions to net assets 5,262,834

#### Deductions from Net Assets

Benefits paid directly to participants or beneficiaries	2,379,747
Administrative expenses	<u>64,475</u>

Total deductions from net assets 2,444,222

#### Net Increase

2,818,612

#### Net Assets Available for Benefits

Beginning of year 19,848,833

End of year \$ 22,667,445

December 31, 2020 and 2019

#### Note 1 - Plan Description

The following description of Jewish Federation of Metropolitan Detroit 403(b) 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 is a defined contribution plan covering substantially all employees of the Jewish Federation of Metropolitan Detroit (JFMD), Jewish Family Services (JFS), Jewish Community Center of Metropolitan Detroit (JCC), Jewish Senior Life of Metropolitan Detroit (JSL), Hebrew Free Loan (HFL), Fresh Air Society (FAS), and Jewish Community Relations Council (JCRC) (collectively, the "Agencies"). The Plan is administered by JFMD. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

##### **Contributions**

The Plan provides for employee salary deferral contributions up to maximum tax-deferred limitations established by the Internal Revenue Code. Participants are eligible to contribute to the Plan immediately upon hire. Participants may also make contributions to the Plan in the form of a rollover of funds from another qualified plan.

The Plan provides for employer matching, fixed, and discretionary contributions. Employer contributions are determined by the individual agencies. These contributions are calculated annually and deposited into eligible participant accounts subsequent to the plan year. Participants are eligible for all types of employer contributions upon attainment of age 21 and completing 1,000 hours during the eligible computation period. Types of contributions offered by the Agencies are as follows:

**JFMD and JCRC** - The agencies provide for an employer safe harbor matching contribution equal to 100 percent of the respective employee salary contributions, which does not exceed 3 percent of eligible compensation, plus 50 percent of employee salary contributions, which exceeds 3 percent but does not exceed 5 percent of eligible compensation.

**JFS** - The agency provides for an employer matching contribution equal to 50 percent of employee salary contributions that do not exceed 4 percent of eligible compensation. The agency also allows for a discretionary contribution; however, no discretionary contributions were made during the year ended December 31, 2020.

**HFL** - The agency provides for a fixed contribution of 4 percent of eligible compensation plus 4 percent of eligible compensation in excess of the taxable wage base in effect on the first day of the plan year for each eligible employee. The agency also allows for a discretionary contribution; however, no discretionary contributions were made during the year ended December 31, 2020.

**JCC** - The agency does not currently provide for employer fixed or matching contributions to the Plan. The agency allows for a discretionary contribution; however, no discretionary contributions were made during the year ended December 31, 2020.

**JSL** - The agency provides for an employer matching contribution in the amount of 100 percent of the first \$11.34 of compensation deferred for the year ended December 31, 2020. The agency allows for a discretionary contribution; however, no discretionary contributions were made during the year ended December 31, 2020.

**FAS** - The agency provides for an employer matching contribution in the amount of 100 percent of the first \$513.36 of compensation deferred for the year ended December 31, 2020. The agency allows for a discretionary contribution; however, no discretionary contributions were made during the year ended December 31, 2020.

**December 31, 2020 and 2019**

#### **Note 1 - Plan Description (Continued)**

##### ***Vesting***

Participants are immediately 100 percent vested in employee salary and rollover contributions and employer safe harbor matching contributions and any income or loss thereon. Vesting in the other employer contributions, plus actual earnings thereon, is based on years of service. Participants vest in contributions made by the Agencies (other than safe harbor matching contributions) at 25 percent every year of service until they become fully vested after four years of service.

##### ***Forfeitures***

If a participant is not fully vested on his or her termination date, the nonvested amount of the account is forfeited. Forfeitures are tracked by agency and are used to reduce the respective agency's future contributions.

##### ***Benefit Payments***

Distributions are payable upon retirement, death, disability, or termination of employment in the form of a lump-sum amount equal to the vested balance of a participant's account.

Participants may request that all or a portion of their accounts be distributed in the case of financial hardship, as defined in the plan agreement. The plan administrator must approve any such hardship withdrawals.

In accordance with the Coronavirus Aid, Relief, and Economic Security Act, between March and December 31, 2020, eligible participants could request a coronavirus-related distribution (CRD) of up to \$100,000 from their participant accounts without being subject to the Internal Revenue Service 10 percent early distribution tax. Participants may elect to repay some or all of their CRD within three years.

##### ***Participant Accounts***

Each participant's account is credited with the participant's contributions and allocations of the Agencies' contributions and plan earnings and charged with an allocation of administrative expenses. Allocations are based on participants' compensation or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants may direct the investments of their account balances into various investment options offered by the Plan.

##### ***Participant Notes Receivable***

Participants may borrow from their accounts subject to certain maximum and minimum amounts prescribed in the Plan and in the Internal Revenue Code. Notes receivable bear interest at 1 percent above the *USA Today* published prime rate.

##### ***Party-in-interest Transactions***

Certain plan assets are in investment funds managed by Ascensus Trust Company (Ascensus Trust) and MetLife Insurance Company USA (MetLife) or their affiliates. Ascensus Trust and MetLife are the custodians of the Plan; therefore, these transactions qualify as party-in-interest transactions, as defined under ERISA guidelines.

##### ***Termination***

While it has not expressed any intent to do so, JFMD has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Additionally, each participating agency has the right to cease participation in the Plan. In the event of plan termination, the trustees shall distribute all assets remaining in the Plan, after payment of any expenses properly chargeable against the Plan, to the participants in accordance with the value of the units credited to such participants as of the date of such termination. Upon termination of the Plan, participants become 100 percent vested in their account balances.



**December 31, 2020 and 2019**

**Note 2 - Summary of Significant Accounting Policies**

***Investment Valuation***

The Plan's investments are stated at fair value except as follows. The unallocated contract with MetLife is not considered benefit responsive and is presented at fair value. The non-benefit-responsive unallocated contract invests in the general assets of MetLife's general account; however, since there are no specific securities in MetLife's general account related to this contract and due to the contract terms, including the frequency of the interest rate reset intervals, contract value approximates fair value. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. The Standard Stable Asset Fund is considered fully benefit responsive. This fully benefit-responsive unallocated contract is valued at contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees.

All other investments are valued based on quoted market prices reported in active markets. See Note 5 for additional information.

***Participant Notes Receivable***

Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when deemed uncollectible.

***Benefit Payments***

Benefits are recorded when paid.

***Administrative Expenses***

Various administrative costs are paid by the Agencies.

***Use of Estimates***

The preparation of financial statements in conformity with 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.

***Risks and Uncertainties***

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

***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.

**Note 3 - Unaudited Information**

Ascensus Trust and MetLife hold the Plan's investments and participant notes and execute all related transactions. The investment and participant notes receivable balances and related income and losses, except as noted below, included in the accompanying financial statements and supplemental schedule of assets held at end of year are based solely on information certified by Ascensus, as agent for Ascensus Trust Company.

## Jewish Federation of Metropolitan Detroit 403(b) Plan

### Notes to Financial Statements

December 31, 2020 and 2019

#### Note 3 - Unaudited Information (Continued)

Assets held by MetLife at December 31, 2020 and 2019 include a non-benefit-responsive unallocated contract totaling \$45,391 and \$44,428 and participant notes receivable totaling \$0 and \$1,156, respectively. Related investment income of \$1,575 and interest on participant notes receivable of \$13 for the year ended December 31, 2020 were not certified.

#### Note 4 - Tax Status

The Internal Revenue Service (IRS) is not currently accepting applications for individual 403(b) plan determination letters. The plan administrator believes that the Plan is designed and is currently being operated in compliance with applicable requirements of Internal Revenue Code Section 403(b). Therefore, no provision for income taxes has been included in the Plan's financial statements.

#### Note 5 - 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.

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

##### 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. These 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.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020			
	Investments (at Fair Value)	Level 1	Level 2
Mutual funds	\$ 21,188,333	\$ 21,188,333	\$ -
Unallocated contract	45,391	-	45,391
Total	\$ 21,233,724	\$ 21,188,333	\$ 45,391

**Notes to Financial Statements****December 31, 2020 and 2019****Note 5 - Fair Value Measurements (Continued)**

Assets Measured at Fair Value on a Recurring Basis at December 31, 2019			
	Investments (at Fair Value)	Level 1	Level 2
Mutual funds	\$ 18,942,790	\$ 18,942,790	\$ -
Unallocated contract	44,428	-	44,428
Total	<u>\$ 18,987,218</u>	<u>\$ 18,942,790</u>	<u>\$ 44,428</u>

The Plan's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period.

**Note 6 - Investment Contract**

The Plan has a benefit-responsive investment contract with the Standard Insurance Company (The Standard). The Standard maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Interest is credited on contract balances using a single portfolio rate approach. Under this methodology, a single interest rate is applied to all contributions made to the product, regardless of the timing of those contributions. Interest crediting rates are reviewed on a semiannual basis for resetting but may not be less than 2 percent. When establishing interest crediting rates for these products, the issuer considers many factors, including current economic and market conditions, the general interest rate environment, and both the expected and actual experience of a reference portfolio within the issuer's general account.

Generally, there are no events that could limit the ability of the Plan to transact at contract value paid within 90 days or, in rare circumstances, contract value paid over time. There are no events that allow the issuer to terminate the contract and that require the plan sponsor to settle an amount different than contract value paid either within 90 days or over time.

As described in Note 2, because the contracts are fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets attributable to the investment contract. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

# Jewish Federation of Metropolitan Detroit 403(b) Plan

## Schedule of Assets Held at End of Year

Form 5500, Schedule H, Line 4i  
 EIN 38-1359214, Plan No. 001  
 December 31, 2020

(a)(b) Identity of Issuer	(c) Description of Investment	(d) Cost	(e) Current Value
	Mutual funds:		
Ascensus Trust Company	Vanguard Small-Cap ETF	*	\$ 471,057
	Schwab US Mid-Cap ETF	*	782,025
	Vanguard S&P 500 ETF	*	2,413,014
	iShares Core MSCI EAFE Index	*	332,698
	Vanguard Total Bond Market ETF	*	1,117,881
	Franklin Dynatech Fund R6	*	1,331,914
	BlackRock Balanced Capital Instl	*	396,667
	Franklin Small cap Growth Fund R6	*	503,314
	American Century One Choice Mod Inv	*	8,701,051
	Managed Account US mtg Portfolio Instl	*	153,453
	American Century One Choice Aggrsv Inv	*	3,021,943
	American Century One Choice Consv Inv	*	156,021
	American Century One Choice Vy Aggr Inv	*	469,815
	American Century One Choice Vy Cons Inv	*	136,197
	Principal Small-MidCap Div Income Instl	*	181,282
	Vanguard Emerging Mkts Select Stock Inv	*	325,414
	SPDR BB Barclays Interm Term Corp ETF	*	271,171
	Delaware Value Inst	*	279,753
	Carillon Reams Unconstrained Bond R6	*	143,663
	Unallocated contracts:		
MetLife Insurance Company USA	T-Flex	*	45,391
Ascensus Trust Company	Standard Stable Asset Fund	*	945,862
Participants	Participant notes receivable, bearing interest between 4.25 and 6.50 percent	-	127,602
	Total		<b>\$ 22,307,188</b>

\*Cost information not required