



**Marcus Jewish Community Center of
Atlanta, Inc.**

Combined Financial Statements
Years Ended August 31, 2014 and 2013



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Marcus Jewish Community Center of Atlanta, Inc.

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Independent Auditors' Report

To the Board of Directors
Marcus Jewish Community Center of Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying combined financial statements of Marcus Jewish Community Center of Atlanta, Inc. ("the Center") which comprise the combined statements of financial position as of August 31, 2014 and 2013, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Marcus Jewish Community Center of Atlanta, Inc. as of August 31, 2014 and 2013, and the results of its activities, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Atlanta, Georgia
December 5, 2014

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Financial Position

<i>August 31,</i>	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,842,870	\$ 2,188,471
Pledges receivable	2,570,549	2,427,747
Accounts receivable, net of allowance of \$49,986 and \$35,958	179,426	280,114
Prepaid expenses	313,840	291,637
Total Current Assets	7,906,685	5,187,969
Investments		
Investments held at the Jewish Federation of Greater Atlanta	4,740,624	5,538,706
Investments - other	9,846,735	1,200,075
Total Investments	14,587,359	6,738,781
Property and Equipment, Net	28,214,153	27,390,801
Assets Held for Sale	-	5,181,413
Other Assets		
Pledges receivable - long-term, net of discount and allowance of \$151,174 and \$260,868	1,530,871	3,075,185
Total Other Assets	1,530,871	3,075,185
	\$ 52,239,068	\$47,574,149

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Financial Position

<i>August 31,</i>	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,112,971	\$ 1,037,935
Deferred revenue	1,319,170	1,279,155
Accrued vacation	265,687	274,433
Current portion of notes payable	600,976	200,000
Current portion of capital lease obligation	31,689	60,713
Accrued interest	5,329	-
Total Current Liabilities	3,335,822	2,852,236
Long-Term Liabilities		
Notes payable	3,950,000	3,600,976
Capital lease obligation	28,838	53,246
Deferred contribution deposits	3,348	3,348
Total Long-Term Liabilities	3,982,186	3,657,570
Total Liabilities	7,318,008	6,509,806
Commitments and Contingencies		
Net Assets		
Unrestricted		
Undesignated	23,533,958	27,384,933
Designated	7,391,637	48,029
Total Unrestricted	30,925,595	27,432,962
Temporarily restricted	12,854,893	12,493,275
Permanently restricted	1,140,572	1,138,106
Total Net Assets	44,921,060	41,064,343
	\$ 52,239,068	\$ 47,574,149

See accompanying independent auditor's report, organization and summary of significant accounting policies and notes to combined financial statement.

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Activities

Year ended August 31,

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Public and Other Support								
Grants and awards	\$ 665,824	\$ 1,551,540	\$ -	\$ 2,217,364	\$ 1,118,710	\$ 1,575,619	\$ -	\$ 2,694,329
Contributions	1,243,187	1,481,901	2,466	2,727,554	1,258,494	5,692,290	2,910	6,953,694
Membership dues	2,577,062	-	-	2,577,062	2,537,822	-	-	2,537,822
Program revenues	15,838,599	-	-	15,838,599	14,907,282	-	-	14,907,282
Investment income	52,457	727,878	-	780,335	4,676	518,712	-	523,388
Gain on sale of Shirley Blumenthal Park	1,737,286	-	-	1,737,286	-	-	-	-
Other	422,278	-	-	422,278	459,431	-	(62,500)	396,931
Total revenues, public and other support	22,536,693	3,761,319	2,466	26,300,478	20,286,415	7,786,621	(59,590)	28,013,446
Net Assets Released from Restrictions	3,399,701	(3,399,701)	-	-	2,131,492	(2,131,492)	-	-
Expenses								
Program	18,121,281	-	-	18,121,281	17,629,242	-	-	17,629,242
Management and general	3,773,325	-	-	3,773,325	3,855,729	-	-	3,855,729
Fundraising	549,155	-	-	549,155	610,184	-	-	610,184
Total expenses	22,443,761	-	-	22,443,761	22,095,155	-	-	22,095,155
Change in Net Assets	3,492,633	361,618	2,466	3,856,717	322,752	5,655,129	(59,590)	5,918,291
Net assets, beginning of year	27,432,962	12,493,275	1,138,106	41,064,343	27,110,210	6,838,146	1,197,696	35,146,052
Net assets, end of year	\$ 30,925,595	\$ 12,854,893	\$ 1,140,572	\$ 44,921,060	\$ 27,432,962	\$ 12,493,275	\$ 1,138,106	\$ 41,064,343

See accompanying independent auditor's report, organization and summary of significant accounting policies and notes to combined financial statement.

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Functional Expenses

Year ended August 31, 2014

	Arts and Culture	Day Camps	Children and Youth	Health and Physical Fitness	Residential Camp	Social Services	Other Programs	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 561,802	\$ 978,872	\$ 3,326,931	\$ 1,613,523	\$ 1,539,635	\$ 853,069	\$ 132,579	\$ 9,006,411	\$ 1,830,034	\$ 347,775	\$ 11,184,220
Employee medical	30,663	22,503	177,949	42,919	49,277	57,699	2,972	383,982	205,183	17,844	607,009
Employee retirement	6,086	6,781	33,698	9,958	11,483	8,850	191	77,047	44,848	4,434	126,329
Workers' compensation insurance	10,012	15,484	68,051	27,118	26,706	18,960	977	167,308	67,690	5,766	240,764
Payroll taxes	36,323	82,021	268,870	132,840	113,851	64,390	11,906	710,201	152,362	19,731	882,294
Contract fees	209,527	101,378	212,692	83,367	238,450	17,351	20,834	883,599	308,911	2,530	1,195,040
Supplies	107,017	198,846	494,190	213,710	1,207,410	146,153	18,190	2,385,516	194,284	106,773	2,686,573
Telephone	5,659	6,366	13,513	10,355	49,653	9,851	707	96,104	30,063	1,768	127,935
Postage	15,070	10,041	4,977	5,588	16,665	1,359	-	53,700	22,349	12,582	88,631
Occupancy	400	-	4,524	-	-	-	700	5,624	40,000	-	45,624
Utilities	36,496	48,161	103,583	147,328	134,898	23,046	1,189	494,701	91,562	396	586,659
Transportation	26,145	144,621	120,558	12,895	316,666	44,317	73	665,275	13,213	1,046	679,534
Conferences	9,906	146	10,724	430	-	1,079	493	22,778	13,769	-	36,547
Printing	55,099	13,116	7,559	16,537	20,785	-	405	113,501	31,619	11,420	156,540
Interest	-	-	-	1,857	-	-	-	1,857	66,995	-	68,852
Bank fees	12,450	88,975	67,208	47,744	181,373	10,304	2,444	410,498	57,499	1,124	469,121
Building and equipment maintenance	48,495	77,859	158,943	243,044	318,224	18,723	1,999	867,287	28,528	509	896,324
Insurance	21,121	65,903	63,855	101,563	120,230	28,435	737	401,844	68,638	246	470,728
National dues	550	-	-	-	3,742	-	-	4,292	150,000	-	154,292
Advertising	30,883	19,561	18,029	1,226	7,854	2,761	-	80,314	38,161	5,632	124,107
Bad debt	(137)	(836)	(2,080)	(548)	(4,291)	-	-	(7,892)	(3,454)	-	(11,346)
Staff development	-	12,368	23,180	5,378	-	1,201	-	42,127	12,132	3,832	58,091
Miscellaneous	16,831	1,041	7,926	10,496	12,939	35	-	49,268	83,767	5,030	138,065
Depreciation and amortization	71,549	112,454	240,461	381,914	348,268	49,142	2,151	1,205,939	225,172	717	1,431,828
Total	\$ 1,311,947	\$ 2,005,661	\$ 5,425,341	\$ 3,109,242	\$ 4,713,818	\$ 1,356,725	\$ 198,547	\$ 18,121,281	\$ 3,773,325	\$ 549,155	\$ 22,443,761

See accompanying independent auditor's report, organization and summary of significant accounting policies and notes to combined financial statement.

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Functional Expenses

Year ended August 31, 2013

	Arts and Culture	Day Camps	Children and Youth	Health and Physical Fitness	Residential Camp	Social Services	Other Programs	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 616,929	\$ 903,941	\$ 3,043,934	\$ 1,545,825	\$ 1,424,050	\$ 852,425	\$ 140,903	\$ 8,528,007	\$ 1,899,249	\$ 369,869	\$ 10,797,125
Employee medical	29,538	18,724	141,120	39,746	42,645	55,687	3,766	331,226	190,783	3,344	525,353
Employee retirement	7,767	6,289	30,223	8,466	11,342	9,792	523	74,402	41,364	3,581	119,347
Workers' compensation insurance	9,486	5,635	53,903	17,217	20,777	17,736	1,206	125,960	55,731	1,071	182,762
Payroll taxes	42,296	76,860	250,884	133,113	108,634	65,577	12,790	690,154	153,144	23,214	866,512
Contract fees	191,494	95,587	236,738	85,343	122,912	54,735	2,908	789,717	378,314	1,655	1,169,686
Supplies	87,288	190,597	426,570	285,701	1,206,427	175,307	16,488	2,388,378	187,699	154,046	2,730,123
Telephone	4,661	5,243	11,525	9,878	57,203	9,178	584	98,272	26,869	1,456	126,597
Postage	10,977	6,973	4,582	2,502	14,552	1,566	-	41,152	28,024	10,719	79,895
Occupancy	795	-	9,771	-	-	41	-	10,607	38,833	-	49,440
Utilities	30,966	41,871	89,918	133,432	118,050	20,850	1,010	436,097	84,100	337	520,534
Transportation	22,969	137,084	100,143	52,850	338,365	80,527	-	731,938	12,119	1,455	745,512
Conferences	8,051	556	7,556	300	-	1,024	43	17,530	14,975	1,439	33,944
Printing	49,994	13,825	10,986	10,482	18,919	3,911	403	108,520	40,314	20,175	169,009
Interest	-	-	-	4,209	-	-	-	4,209	72,505	-	76,714
Bank fees	8,681	70,587	84,994	44,825	155,882	11,446	1,752	378,167	57,741	1,294	437,202
Building and equipment maintenance	64,189	82,867	188,813	247,988	488,826	19,671	1,892	1,094,246	(87,899)	631	1,006,978
Insurance	20,616	66,275	62,328	105,765	122,874	29,005	719	407,582	71,080	240	478,902
National dues	-	-	-	-	3,704	-	-	3,704	151,069	-	154,773
Advertising	9,700	23,144	19,311	3,032	11,772	4,075	-	71,034	37,162	5,668	113,864
Bad debt	1,222	7,464	18,578	4,895	38,325	-	-	70,484	30,848	-	101,332
Staff development	425	9,747	14,492	4,893	-	248	-	29,805	16,180	4,122	50,107
Miscellaneous	255	4,164	13,037	13,597	1,872	-	-	32,925	77,340	5,128	115,393
Depreciation and amortization	67,183	114,164	232,674	382,128	323,297	43,455	2,225	1,165,126	278,185	740	1,444,051
Total	\$ 1,285,482	\$ 1,881,597	\$ 5,052,080	\$ 3,136,187	\$ 4,630,428	\$ 1,456,256	\$ 187,212	\$ 17,629,242	\$ 3,855,729	\$ 610,184	\$ 22,095,155

See accompanying independent auditor's report, organization and summary of significant accounting policies and notes to combined financial statement.

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Cash Flows

<i>Year ended August 31,</i>	2014	2013
Cash Flows from Operating Activities		
Change in net assets	\$ 3,856,717	\$ 5,918,291
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Contribution of land	-	(90,200)
Depreciation and amortization	1,415,475	1,444,051
Realized and unrealized gain from investments	(759,831)	(507,146)
Gain on sale of property and equipment, net	(1,687,936)	-
Capital campaign contribution pledges	(1,176,290)	(5,742,338)
Change in discount and allowance on long-term pledges receivable	(109,694)	225,836
Changes in assets and liabilities:		
Decrease in receivables and advances	28,504	115,954
(Increase) decrease in prepaid expenses	(22,203)	15,520
Increase (decrease) in accounts payable	75,035	(164,451)
Decrease in accrued expenses	(3,417)	(4,649)
Increase in deferred revenue	40,015	85,938
Total adjustments	(2,200,342)	(4,621,485)
Net cash and cash equivalents provided by operating activities	1,656,375	1,296,806
Cash Flows from Investing Activities		
Purchases of property and equipment, net	(2,254,435)	(942,613)
Proceeds from sale of property and equipment, net	6,892,477	-
Purchases of investments	(10,098,456)	(142,198)
Proceeds from sale of investments	3,434,710	64,872
Net cash and cash equivalents used in investing activities	(2,025,704)	(1,019,939)

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Cash Flows

<i>Year ended August 31,</i>	2014	2013
Cash Flows from Financing Activities		
Proceeds from issuance of debt	1,000,000	3,600,000
Principal payments on debt	(250,000)	(3,600,000)
Collection of capital campaign contributions	2,334,680	1,224,209
Principal payments on capital lease obligation	(60,952)	(69,379)
Net cash and cash equivalents provided by financing activities	3,023,728	1,154,830
Change in Cash and Cash Equivalents	2,654,399	1,431,697
Cash and Cash Equivalents, beginning of year	2,188,471	756,774
Cash and Cash Equivalents, end of year	\$ 4,842,870	\$ 2,188,471
Supplemental Cash Flow Disclosure		
Total cash paid for interest	\$ 63,524	\$ 79,545
Capital lease obligations acquired	7,519	49,011
Supplemental Cash Flow Disclosure of NonCash Transactions		
Receipt of partnership interest in satisfaction of pledge receivable	\$ 425,000	\$ -

See accompanying independent auditor's report, organization and summary of significant accounting policies and notes to combined financial statement.

Marcus Jewish Community Center of Atlanta, Inc.

Organization and Summary of Significant Accounting Policies

Organization and Operations

The Marcus Jewish Community Center of Atlanta, Inc. (the "Center" or "MJCCA") is a not-for-profit Georgia Corporation, which provides social, recreational, cultural and educational programs for all ages in the Atlanta area. The Center is supported primarily through donor contributions, program fees, grants and dues. The Center is a major beneficiary of the Jewish Federation of Greater Atlanta, Inc. (the "JFGA") and a beneficiary of the United Way of Atlanta (the "United Way").

These combined financial statements also include the assets, net assets and activity of the Atlanta Jewish Community Center Endowment, Inc. (the "AJCC Endowment").

The accompanying combined financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the AICPA Audit and Accounting Guide "*Not-for-Profit Organizations*."

Income Taxes

The Center and the AJCC Endowment qualify under Internal Revenue Code Section 501(c) (3) and are, therefore, generally exempt from Federal income tax. The Internal Revenue Service has classified the Center as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code, which allows donors to take the maximum charitable contribution deduction. The Center provides for uncertain tax positions in accordance with guidance provided by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. The Center has determined that there are no uncertain tax positions to disclose or record in its financial statements as of August 31, 2014 or 2013.

Contributions, Support and Program Fees

Contributions are recognized upon receipt or when a donor makes a promise that is, in substance unconditional, to give to the MJCCA. The Center records contributions as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Center reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Marcus Jewish Community Center of Atlanta, Inc.
Organization and Summary of Significant Accounting Policies

Contributed Services and Donated Materials (In-Kind)

Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets or if the services require specialized skills that are provided by individuals possessing such skills that would typically need to be purchased if not provided by donation.

Donated materials are reflected as contributions at their estimated fair values on the date of receipt.

The MJCCA may receive a number of donations of various shares of stocks. Absent specific donor instructions concerning the disposition of such assets, the MJCCA's policy is to sell all stock donations immediately. The value of the donor's gift is determined based on the average of the published high and low selling prices of stock for the day it was received.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities of the MJCCA have been summarized on a functional basis in the combined statements of activities. Certain costs have been allocated among the programs and supporting services benefited and are presented in the combined statements of functional expenses.

Cash and Cash Equivalents

The Center considers all instruments with an original maturity of fewer than three months to be cash equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts.

Fair Value of Financial Instruments

Financial instruments are stated at fair value.

The Center's debt and equity securities are carried at fair value with the unrealized gains and losses reported as a component of investment income in the combined statements of activities. Generally, these securities have readily determinable values and, therefore, are marked to market based on quoted prices in active markets. Dividend and interest income are recognized when declared or earned.

Fair value measurements are classified and disclosed in one of the following three categories:

Quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Marcus Jewish Community Center of Atlanta, Inc.
Organization and Summary of Significant Accounting Policies

Inputs that are unobservable for the asset or liability. Unobservable inputs reflect management's own assumption about what a market participant would use to determine the fair value of an asset or liability.

The fair value measurements of investment securities at August 31, 2014 are identified in the following table:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 1,386,907	\$ -	\$ -	\$ 1,386,907
Fixed income	12,208,376	-	56,643	12,265,019
Alternative Investments	-	-	350,208	350,208
Partnerships	-	585,225	-	585,225
	\$ 13,595,283	\$ 585,225	\$ 406,851	\$ 14,587,359

The fair value measurements of investment securities at August 31, 2013 are identified in the following table:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 3,237,742	\$ -	\$ -	\$ 3,237,742
Fixed income	2,541,461	-	142,468	2,683,929
Alternative Investments	-	-	817,110	817,110
	\$ 5,779,203	\$ -	\$ 959,578	\$ 6,738,781

Level 3 investments are made up of Israel bonds (fixed income securities) and a hedge fund (alternative investments). In assessing the fair value of the Israel bonds, redemption values were utilized. In assessing the fair value of the hedge fund, management confirmed the value with JFGA and noted that the underlying hedge fund was audited by an independent accounting firm.

Changes in Level 3 net assets for the fiscal year ended August 31, 2014 were:

Beginning balance	\$ 959,579
Investment gains	19,761
Purchases, sales and transfers	(572,489)
Ending balance	\$ 406,851

Marcus Jewish Community Center of Atlanta, Inc.
Organization and Summary of Significant Accounting Policies

Changes in Level 3 net assets for the fiscal year ended August 31, 2013 were:

Beginning balance	\$ 700,626
Investment gains and losses	19,013
Purchases	239,940
<hr/>	
Ending balance	\$ 959,579

There were no transfers in or out of Level 1 and Level 2 categories during the years ended August 31, 2014 or 2013.

The fair value of our pledges receivable, accounts receivable, accounts payable and deferred revenues approximates the respective carrying amounts because of the short maturity of these assets and liabilities. The fair value of our loans and notes payable approximate the carrying value due to the proximity to year end that they were issued which was at market terms at that time.

Property and Equipment

Purchased property and equipment are capitalized at cost. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred. The threshold for capitalization in 2014 and 2013 was \$2,500 and \$1,000 respectively. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to forty years or in the case of leasehold improvements, over the terms of the underlying leases if such terms are shorter than the estimated useful lives.

Assets Held for Sale

The Center considers assets to be held for sale when management approves and commits to a formal plan to actively market assets for sale, and the sale is considered probable. Upon designation as held for sale, the carrying values of the assets of the business are recorded at the lower of their carrying values or their estimated fair values, less costs to sell. The Center ceases to record depreciation expense at that time. In June 2011, the Center committed to sell its Shirley Blumenthal Park property, which had a carrying value of \$5,181,413 as of August 31, 2013.

Assets held for sale were tested for impairment as of August 31, 2013, and the fair value of these assets exceeded their carrying value plus estimated costs to sell. As a result, the Center did not record an impairment charge related to assets held for sale during the year ended August 31, 2013.

In April 2014, the property was sold for \$7,300,000 with a gain of \$1,737,286 recorded in unrestricted revenue in the Statement of Activities.

Subsequent Events

The Center has determined that no material events took place after the balance sheet date of August 31, 2014 through the date the financial statements were available for issuance at December 5, 2014.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

1. Cash Balance

The Center maintains cash deposits, which at times throughout the year may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits of \$250,000 per depositor at each financial institution. Deposits in excess of FDIC limits totaled \$3,940,930 and \$1,686,394 as of August 31, 2014 and 2013 respectively. The cash balance in interest-bearing accounts at August 31, 2014 and 2013 includes \$3,082,352 and \$1,172,375 attributable to capital campaign contributions, which will be used for various identified capital campaign projects already begun. Balances are maintained at high-quality financial institutions, and management considers credit exposure limited.

2. Pledges Receivable

Pledges receivable are derived from many sources including, individuals, corporations and not-for-profit organizations. The Center had pledges receivable of \$1,194,847 from the JFGA at August 31, 2014. During the year ended August 31, 2014 the JFGA made a pledge of \$1,433,159, to the Center and paid advances of \$238,860 on the pledge. These pledges have been recorded as temporarily restricted support.

The Center had pledges receivable of \$1,098,436 from the JFGA at August 31, 2013. During the year ended August 31, 2013 the JFGA made a pledge of \$1,464,582 to the Center and paid advances of \$366,146 on the pledge.

Total pledges receivable as of August 31, 2014 are as follows:

	<i>Amount</i>
Receivable in less than a year	\$ 2,570,549
Receivable in one to five years	1,678,714
Receivable in over five years	3,331
Total pledges receivable	4,252,594
Less discounts to net present value	(65,476)
Less allowance for uncollectible pledges	(85,698)
Net pledges receivable	\$ 4,101,420

As of August 31, 2014, the Center has a conditional pledge from the United Way, which is contingent on the collection of its 2013 campaign pledges. The pledge has not been recognized in the combined financial statements.

3. Accounts Receivable

Accounts receivable of \$179,426 and \$280,114 at August 31, 2014 and 2013, respectively, are shown net of allowance for doubtful accounts of \$49,986 and \$35,958, respectively.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

4. Endowment

MJCCA's endowment consists of a number of individual funds established by a donor restriction. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Center utilizes the JFGA as its primary endowment fund investment manager and custodian. JFGA has engaged a registered investment advisor which in turn utilizes a wholly owned trust company as custodian. As of August 31, 2014, investments of \$4,740,624 (\$1,135,890 is a component of the endowment) are in a pooled fund consisting of 40% domestic equities, 17% international equities, 29% fixed income funds, and 14% alternative investments which are recorded at market value as reported by the JFGA. In addition, the Center has \$9,261,510 (\$242,463 is a component of the endowment) in predominately fixed income securities at a financial institution. For 2013 the Center had investments of \$5,538,706 (\$1,034,813 was a component of the endowment) in a pooled fund consisting of 40% domestic equities, 18% international equities, 27% fixed income funds, and 15% alternative investments which were recorded at market value as reported by the JFGA. In addition, the Center had \$1,200,075 (\$250,053 was a component of the endowment) in predominately fixed income securities at a financial institution.

Interpretation of Relevant Law

The Governance Board of the MJCCA has interpreted the 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, the Center has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the MJCCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

The duration and preservation of the fund;

The purposes of the Center and the donor-restricted endowment fund;

General economic conditions;

The possible effect of inflation and deflation;

The expected total return from income and the appreciation of investments;

Other resources of the Center; and

The investment policies of the Center.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Endowment net assets composition by type of fund as of August 31, 2014 and 2013:

2014	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 237,781	\$ 1,140,572	\$ 1,378,353
Board-designated funds	7,391,637	-	-	7,391,637
Total Funds	\$ 7,391,637	\$ 237,781	\$ 1,140,572	\$ 8,769,990

2013	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 146,760	\$ 1,138,106	\$ 1,284,866
Board-designated funds	48,029	-	-	48,029
Total Funds	\$ 48,029	\$ 146,760	\$ 1,138,106	\$ 1,332,895

Donor restricted endowment funds are accounted for in the combined statements of financial position in the Investments held at JFGA line item. Board designated funds are accounted for in the combined statements of financial position in the Investments - other line item.

Changes in endowment net assets for the fiscal year ended August 31, 2014:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 48,029	\$ 146,760	\$ 1,138,106	\$ 1,332,895
Investment income	20,350	153,798	-	174,148
Other changes:				
Fund reclassifications	-	10,152	-	10,152
Contributions and additions	7,323,718	100	2,466	7,326,284
Disbursements to operating funds	(460)	(73,029)	-	(73,489)
Total Funds	\$ 7,391,637	\$ 237,781	\$ 1,140,572	\$ 8,769,990

In 2014, the Board designated \$7,323,718 for strategic initiatives and other operating activities. Management includes these funds as part of the endowment.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Changes in endowment net assets for the fiscal year ended August 31, 2013

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 45,640	\$ 102,844	\$ 1,197,696	\$ 1,346,180
Investment income	2,931	100,518	-	103,449
Other changes:				
Fund reclassifications	-	(15,378)	(62,500)	(77,878)
Contributions and additions	1,567	16,043	2,910	20,520
Disbursements to operating funds	(2,109)	(57,267)	-	(59,376)
Total Funds	\$ 48,029	\$ 146,760	\$ 1,138,106	\$ 1,332,895

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 UPMIFA requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported as a reduction in unrestricted net assets.

Return Objectives and Risk Parameters

The MJCCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Governance Board, the endowment assets are invested in a manner that is intended to yield a long-term rate of return that is approximately 4.5% greater than the rate of inflation. The endowment funds consist of equity securities, fixed income securities, and alternative investments. The endowment is held by JFGA, a third party custodian, and at a financial institution.

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. Actual investment returns may differ from return objectives as a result of these and other risks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the MJCCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The MJCCA through its reliance on JFGA as its primary endowment fund investment manager and custodian targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. JFGA has engaged professional advisors to achieve these results.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Center's spending policy, adopted in 2010, appropriates for distribution each year five percent of its endowment fund's average fair value over the prior 3 years through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Center has considered the long-term expected return on its endowment. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Distributions from endowments established prior to 2010 may be subject to original donor restrictions.

5. Investments

Investments of \$9,261,510 and \$1,200,075 includes \$242,463 and \$250,053 of funds of endowments as of August 31, 2014 and 2013, respectively, which were held at a financial institution in predominately fixed income securities.

Investments held by the JFGA on the Center's behalf of \$4,740,624 and \$5,538,706 includes \$1,135,890 and \$1,034,813 of endowments as of August 31, 2014 and 2013, respectively. The nature of these investments includes equity funds, fixed income funds and hedge funds.

The following schedule summarizes the composition of investment income for the years ended August 31, 2014 and 2013:

	2014	2013
Dividends and interest	\$ 20,504	\$ 16,162
Net realized and unrealized gains	759,831	507,226
Total investment income	\$ 780,335	\$ 523,388

6. Property and Equipment

Property and equipment at August 31, 2014 and 2013 are as follows:

	2014	2013
Land	\$ 921,258	\$ 921,258
Building and improvements	40,980,537	38,749,110
Furniture, equipment and software	6,149,689	6,410,006
Leasehold improvements	114,001	114,001
Vehicles	491,912	472,401
Construction in Progress	66,116	256,412
Total	48,723,513	46,923,188
Less accumulated depreciation	(20,509,360)	(19,532,387)
Property and equipment, net	\$ 28,214,153	\$ 27,390,801

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

7. Notes Payable

As of August 31, 2014 and 2013, the Center had the following bonds and notes payable outstanding:

	2014	2013
Term loan issued September 26, 2012, set to mature on October 26, 2019. Interest on the term loan was 1.82% in 2014 and 2013.	\$3,400,000	\$ 3,600,000
Note Payable to The Avi Chai Foundation, issued February 12, 2014, secured by a letter of credit issued by Wells Fargo Bank. The loan bears no interest and is set to mature on April 1, 2019.	950,000	-
Note payable to the JFGA, due upon the sale of Camp Barney Medintz. The note is secured by the land, building and equipment of the camp. Interest rate per the note is 1% above the prime commercial lending rate.	200,976	200,976
Total	4,550,976	3,800,976
Less current maturities	600,976	200,000
Total bonds and notes payable, long-term	\$3,950,000	\$ 3,600,976

On September 12, 2012, the Center entered into a \$3.6 million term loan with Wells Fargo Bank. Interest is calculated on the unpaid balance using an interest rate equal to LIBOR plus 1.57%. The loan matures October 26, 2019, and contains various restrictive covenants. On January 27, 2014, Wells Fargo Bank extended a Letter of Credit to The Avi Chai Foundation as an issuer of the note issued in February 2014. The Letter of Credit is set to expire January 27, 2015, at which time it will automatically renew at the then-outstanding balance. In fiscal year 2014, the Center was in violation of a Wells Fargo covenant limiting borrowings from other institutions to an aggregate of \$500,000. On December 2, 2014, the Center obtained a waiver for the violation from the lender.

The loan from The Avi Chai Foundation is an interest-free loan. The Center has determined that imputed interest is not significant to the financial statements.

Total interest expense incurred during the years ended August 31, 2014 and 2013 with respect to the above notes payable, bonds payable, the line-of-credit and capital leases was \$68,852 and \$76,714, respectively.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Maturities of notes payable over the next five years are as follows:

	Amount
2015	\$ 600,976
2016	400,000
2017	400,000
2018	450,000
2019	500,000
Thereafter	2,200,000
	<hr/> \$ 4,550,976 <hr/>

8. Line-of-Credit

At August 31, 2014 and 2013, the Center had available a line-of-credit from Wells Fargo Bank in the amount of \$2,000,000 with an outstanding balance of \$0. The line of credit provides for monthly interest at a rate equal to the one month LIBOR Index plus 1.25% per annum in 2014 and 2013. The interest rate as of August 31, 2014 and 2013 was 1.41% and 1.50% respectively. The line-of-credit also imposes an availability fee of 0.25% per annum on the unused principal of the line-of-credit. The line of credit matures on January 26, 2015 and contains various restrictive covenants. In fiscal year 2014, the Center was in violation of a Wells Fargo Covenant limiting borrowings from other institutions to an aggregate of \$500,000. On December 2, 2014, the Center obtained a waiver for the violation from the lender.

9. Retirement Plan

The Center offers a Section 403(b) salary reduction plan that covers substantially all employees. Employer matching contributions are equal to 50% of participant contributions up to 5% of eligible compensation. The expense was \$94,249 and \$92,557 for fiscal years 2014 and 2013 respectively.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

10. Capital Leases

The Center routinely leases equipment under capital lease agreements. During the current fiscal year, the Center leased equipment valued at \$7,519 under capital leases. The following is a schedule of future minimum lease payments under the Center's capital leases together with the present value of the net minimum lease payments as of August 31, 2014:

	Amount
2015	\$ 34,887
2016	15,273
2017	9,621
2018	5,488
2019	1,532
Total	66,801
Less amount representing interest	(6,274)
Present value of net minimum capital lease payments	\$ 60,527

At August 31, 2014 and 2013, the leased equipment had a recorded cost of \$427,750 and \$420,231 and related accumulated depreciation of \$187,399 and \$143,684, respectively.

11. Commitments and Contingencies

The JFGA loan dated May 1975 has a stated monthly interest rate of one percent above the prime commercial lending rate of SunTrust Bank. The Center has never paid nor accrued interest on this loan due to management's understanding that the JFGA will not attempt to collect the stated interest. Additionally, a letter of agreement indicates that the Center would be responsible to pay the JFGA the interest burden of approximately \$59,000 on this loan if Camp Barney Medintz is sold or if capital funds become available from the sale of other real estate. The Center is negotiating the repayment of the loan as a result of the sale of Shirley Blumenthal Park.

The Center entered into a zoning conditions agreement in connection with a long term lease of approximately three acres of its property on which the William Breman Jewish Home ("Jewish Home") will build an assisted living facility. One stipulation of the agreement is that the Center replace existing sports lighting on the tennis courts and on one of the fields adjacent to the proposed facility. The Center was relieved of its lighting obligation towards the tennis courts on December 5, 2012. The Center committed \$145,000 to purchase the necessary lighting. The lighting was installed in October 2013, at a cost of \$129,950.

The Center is subject to various legal proceedings arising in the ordinary course of its business. The Center believes that the resolution of these matters will not have a material adverse effect on the Center's business, financial position or results of operations.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

12. Restricted Net Assets

Permanently restricted net assets as of August 31, 2014 and 2013 are detailed as follows:

	2014	2013
Goizueta Foundation Scholarship Fund	\$ 350,000	\$ 350,000
Kleinmaier Client Aid Fund	250,000	250,000
Orkin Center Endowment Fund	110,000	110,000
Sophie Hirsh Srochi Museum Fund	100,000	100,000
Blonder Fund for Developmental Disabilities	65,000	65,000
D&B Center Endowment Fund	50,000	50,000
Mellinger Fellowship Endowment Fund	50,000	50,000
Harris Jacobs Softball Fund	30,000	30,000
Susanne Katz Arts Fund	17,500	17,500
Klee CIA Teen Village Fund	16,696	16,696
Holly & Ryan Banks Fund for Maccabi	12,000	12,000
Debra "Debbie" Sonenshine SOAR Fund	12,000	12,000
Harvey Rubin Scholarship Fund	11,500	11,500
Betsy Babbit Scholarship Fund	10,000	10,000
Sater Family Aquatics Fund	10,000	10,000
Mark Benator Habima Theatre Fund	10,000	10,000
Nader Parman II Fund	10,000	10,000
Enoch BBYO Scholarship Fund	10,000	10,000
Lola Pick Fund	10,000	10,000
Barbara & Ivan Friedland Scholarship Fund	5,876	3,410
Total permanently restricted net assets	\$ 1,140,572	\$ 1,138,106

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Temporarily restricted net assets include contributions restricted by donors for specific future use or pledges for funds to be received in the future. Temporarily restricted net assets as of August 31, 2014 and 2013 are available for the following purposes or periods:

	2014	2013
Capital Campaign - Framework for Our Future	\$ 5,548,019	\$ 5,713,734
Deficit fundraising reserve and pledges	1,909,621	1,999,280
MJCCA - Major Repair & Refurbishment	1,338,253	1,227,639
JFGA Grant	1,194,299	1,220,485
Lisa F. Brill Institute for Jewish Learning	965,622	883,550
Harvey Shulman Memorial Scholarship Fund	694,877	637,482
Weinstein Center Fund	194,553	177,969
Besser Holocaust Memorial Pavilion Fund	160,642	-
Angels Camp Scholarships	132,691	117,241
Lisa F. Brill Ethical Start Scholarship Fund	123,399	108,510
Blonder Family - Developmental Disabilities	103,331	123,331
E&S Parks Fund for Adult Ed/Cultural Arts	90,303	82,631
Other	83,864	67,079
Goizueta Foundation Scholarship Fund	63,045	27,786
Software upgrade	55,393	55,352
Grant for Developmental Disabilities	50,000	50,000
Rice Weinstein Scholarship Fund	46,871	49,003
Miracle Makers grant for Day Camps	46,400	30,000
Barbara & Ivan Friedland Scholarship Fund	45,747	40,714
Kleinmaier Fund for Client Aid at the Weinstein Center	45,018	19,847
Sophie Hirsh Srochi Children's Museum	22,894	12,849
Orkin Center Endowment Fund	22,092	10,836
Blonder IAE for Adult Education	18,662	17,113
Herbert H. Zwerner & Grace Zwerner Fund for Early Childhood Services	11,882	10,912
The Ron Brill Symposium	11,824	14,884
Debra "Debbie" Sonenshine Special Needs Scholarship	11,160	9,825
Pete Morris Musical Theater	10,215	10,678
Blonder Fund for Developmental Disabilities	5,390	8,425
Alterman Fund for Camp Barney Medintz	-	18,330
United Way	-	8,658
Present value discount - long-term pledges	(65,476)	(127,882)
Allowance for doubtful pledges	(85,698)	(132,986)
Total temporarily restricted net assets	\$ 12,854,893	\$ 12,493,275

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Combined Financial Statements

Board designated net assets have been set aside for specific projects or purposes.

	2014	2013
Board Designated Operating	\$ 7,339,531	\$ -
H&PE Funds	13,989	13,867
EZ Community Bridge Builders Award	16,882	14,864
S. Sacks	15,750	13,813
Benator ECE	5,073	5,073
Other	412	412
Total board designated net assets	\$ 7,391,637	\$ 48,029