



Marcus Jewish Community Center of Atlanta, Inc.

Financial Statements
Years Ended August 31, 2020 and 2019

Marcus Jewish Community Center of Atlanta, Inc.

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Marcus Jewish Community Center of Atlanta, Inc.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Marcus Jewish Community Center of Atlanta, Inc. (the Center) which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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, 2020 and 2019, 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 7, 2020

Financial Statements

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Financial Position

<i>August 31,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,396,536	\$ 3,372,497
Pledges receivable, net of allowance of \$5,000 and \$7,277, respectively	993,828	993,828
Accounts receivable, net of allowance of \$11,063 and \$51,566, respectively	156,279	137,062
Prepaid expenses	284,380	323,509
Total Current Assets	10,831,023	4,826,896
Investments		
Investments held at the Jewish Federation of Greater Atlanta	11,514,807	10,877,527
Investments - other	729,983	1,219,292
Total Investments	12,244,790	12,096,819
Property and Equipment, Net	28,572,563	30,098,271
	\$ 51,648,376	\$ 47,021,986
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,492,245	\$ 1,941,783
Deferred revenue	3,321,991	1,932,517
Accrued vacation	346,867	266,066
Current portion of notes payable	4,000,000	-
Current portion of capital lease obligation	80,588	84,081
Total Current Liabilities	9,241,691	4,224,447
Long-Term Liabilities		
Notes payable	2,909,800	-
Deferred pension contributions	141,051	111,705
Capital lease obligation	131,016	112,519
Other	3,348	3,348
Total Long-Term Liabilities	3,185,215	227,572
Total Liabilities	12,426,906	4,452,019
Commitments and Contingencies		
Net Assets		
Without donor restrictions	32,255,999	35,824,021
With donor restrictions	6,965,471	6,745,946
Total Net Assets	39,221,470	42,569,967
	\$ 51,648,376	\$ 47,021,986

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Activities

Year ended August 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Public, and Other Support						
Grants and awards	\$ 523,835	\$ 1,855,537	\$ 2,379,372	\$ 434,965	\$ 1,557,128	\$ 1,992,093
Contributions	2,212,126	83,892	2,296,018	3,311,055	161,876	3,472,931
Membership dues	2,743,423	-	2,743,423	3,097,853	-	3,097,853
Program revenues	7,969,643	-	7,969,643	18,964,448	-	18,964,448
Investment income, net	332,193	202,382	534,575	214,113	82,047	296,160
Other	449,586	-	449,586	628,494	-	628,494
Total Revenues, Public, and Other Support	14,230,806	2,141,811	16,372,617	26,650,928	1,801,051	28,451,979
Net Assets Released from Restrictions	1,922,286	(1,922,286)	-	2,029,751	(2,029,751)	-
Expenses						
Program	15,566,040	-	15,566,040	24,192,528	-	24,192,528
Management and general	3,401,781	-	3,401,781	4,367,582	-	4,367,582
Fundraising	753,293	-	753,293	980,632	-	980,632
Total Expenses	19,721,114	-	19,721,114	29,540,742	-	29,540,742
Change in Net Assets	(3,568,022)	219,525	(3,348,497)	(860,063)	(228,700)	(1,088,763)
Net Assets, beginning of year	35,824,021	6,745,946	42,569,967	36,684,084	6,974,646	43,658,730
Net Assets, end of year	\$ 32,255,999	\$ 6,965,471	\$ 39,221,470	\$ 35,824,021	\$ 6,745,946	\$ 42,569,967

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Functional Expenses

Year ended August 31, 2020

	Programs								Management and General	Fundraising	Total
	Arts and Culture	Day Camps	Children and Youth	Health and Physical Fitness	Residential Camp	Social Services	Other Programs	Total Programs			
Salaries	\$ 553,310	\$ 684,608	\$ 3,729,748	\$ 1,668,626	\$ 880,238	\$ 108,079	\$ 79,910	\$ 7,704,519	\$ 1,877,049	\$ 510,818	\$ 10,092,386
Employee medical	43,967	33,591	289,179	87,380	82,599	7,749	3,889	548,354	347,382	44,167	939,903
Employee retirement	7,433	6,249	32,560	12,414	14,097	1,437	356	74,546	48,578	8,149	131,273
Workers' compensation insurance	6,539	5,542	49,168	20,257	11,292	1,327	479	94,604	45,634	5,643	145,881
Payroll taxes	41,839	54,865	288,873	129,820	61,789	8,242	6,405	591,833	103,464	37,469	732,766
Contract fees	184,085	107,526	375,354	187,627	65,078	7,233	45,672	972,575	305,299	17,007	1,294,881
Supplies	169,041	60,477	455,279	284,749	56,829	4,000	9,488	1,039,863	159,967	28,804	1,228,634
Telephone	2,800	2,718	18,273	11,673	53,721	666	686	90,537	40,842	1,197	132,576
Postage	6,587	12,396	12	2,666	7,634	-	-	29,295	18,307	10,321	57,923
Occupancy	3,518	-	25,037	1,361	(31)	-	7,321	37,206	-	-	37,206
Utilities	18,198	82,286	41,500	98,310	57,647	4,960	9,035	311,936	1,317	4,934	318,187
Transportation	30,875	719	103,001	2,463	46,030	203	686	183,977	12,047	822	196,846
Conferences	5,008	2,488	5,399	2,344	179	45	-	15,463	14,103	804	30,370
Printing	30,541	22,634	4,268	(253)	33,913	-	599	91,702	26,015	41,560	159,277
Interest	-	-	-	2,177	-	-	-	2,177	79,728	-	81,905
Bank fees	14,596	22,465	219,780	55,544	1,387	879	361	315,012	3,591	-	318,603
Building and equipment maintenance	32,850	141,077	128,640	246,171	271,879	9,104	12,516	842,237	-	9,253	851,490
Insurance	21,027	149,440	51,820	126,062	127,796	6,360	6,457	488,962	1,997	6,327	497,286
National dues	212	-	-	-	4,185	-	-	4,397	64,800	-	69,197
Advertising	8,964	20,507	24,066	216	21,192	-	3,746	78,691	32,989	10,346	122,026
Bad debt	123	190	1,862	470	12	7	3	2,667	30	-	2,697
Staff development	550	228	18,399	2,994	213	-	-	22,384	13,703	75	36,162
Miscellaneous	18,835	103	10,091	15,351	2,232	152	-	46,764	95,401	1,487	143,652
Depreciation, amortization, and loss on disposal of assets	91,963	299,582	292,867	702,324	561,020	14,183	14,400	1,976,339	109,538	14,110	2,099,987
Total	\$ 1,292,861	\$ 1,709,691	\$ 6,165,176	\$ 3,660,746	\$ 2,360,931	\$ 174,626	\$ 202,009	\$ 15,566,040	\$ 3,401,781	\$ 753,293	\$ 19,721,114

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Functional Expenses

Year ended August 31, 2019

	Programs										Total
	Arts and Culture	Day Camps	Children and Youth	Health and Physical Fitness	Residential Camp	Social Services	Other Programs	Total Programs	Management and General	Fundraising	
Salaries	\$ 746,212	\$ 1,219,765	\$ 4,435,888	\$ 2,374,226	\$ 1,768,327	\$ 164,615	\$ 99,576	\$ 10,808,609	\$ 2,385,171	\$ 567,773	\$ 13,761,553
Employee medical	45,934	30,222	283,871	99,397	75,210	9,907	4,495	549,036	306,749	33,863	889,648
Employee retirement	9,798	7,858	38,174	13,702	13,809	2,050	603	85,994	54,573	10,474	151,041
Workers' compensation insurance	10,141	16,265	74,444	31,756	27,728	2,229	975	163,538	58,979	7,229	229,746
Payroll taxes	56,603	96,908	343,443	190,302	125,000	12,768	8,099	833,123	140,667	43,481	1,017,271
Contract fees	318,971	372,806	513,192	901,191	240,723	55,094	17,804	2,419,781	486,728	85,806	2,992,315
Supplies	153,135	174,604	657,443	858,216	1,229,273	16,958	32,646	3,122,275	199,647	112,446	3,434,368
Telephone	2,263	1,620	17,392	3,609	100,853	8,055	243	134,035	24,788	1,035	159,858
Postage	8,203	12,744	2,714	5,194	17,406	12	-	46,273	23,223	15,454	84,950
Occupancy	3,536	17,500	56,486	51,810	-	-	1,270	130,602	5,227	-	135,829
Utilities	22,329	104,273	56,523	123,078	134,735	6,209	6,304	453,451	1,647	6,178	461,276
Transportation	19,628	146,626	145,876	108,820	302,127	890	1,518	725,485	13,778	1,679	740,942
Conferences	10,939	4,934	11,478	1,642	1,255	998	42	31,288	12,604	54	43,946
Printing	37,855	19,730	8,369	36,707	24,491	142	656	127,950	41,028	32,081	201,059
Interest	-	-	-	1,676	-	-	-	1,676	62,450	-	64,126
Bank fees	11,903	71,578	172,831	59,282	140,375	2,350	782	459,101	3,571	993	463,665
Building and equipment maintenance	50,230	177,450	329,400	297,086	372,696	11,459	11,633	1,249,954	107,837	18,100	1,375,891
Insurance	19,528	132,475	48,127	204,608	124,942	5,907	5,997	541,584	2,311	5,876	549,771
National dues	1,951	-	-	-	4,106	-	-	6,057	127,268	-	133,325
Advertising	16,057	32,835	23,257	11,222	36,455	-	392	120,218	44,004	33,863	198,085
Bad debt	210	1,261	3,045	1,044	2,473	41	14	8,088	63	17	8,168
Staff development	1,923	4,339	41,607	6,942	687	-	136	55,634	38,450	-	94,084
Miscellaneous	22,734	103	14,275	69,809	2,189	-	100	109,210	136,164	-	245,374
Depreciation, amortization, and loss on disposal of assets	59,166	115,388	259,629	487,828	1,078,988	4,251	4,316	2,009,566	90,655	4,230	2,104,451
Total	\$ 1,629,249	\$ 2,761,284	\$ 7,537,464	\$ 5,939,147	\$ 5,823,848	\$ 303,935	\$ 197,601	\$ 24,192,528	\$ 4,367,582	\$ 980,632	\$ 29,540,742

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Cash Flows

Year ended August 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (3,348,497)	\$ (1,088,763)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	2,092,586	2,076,299
Realized and unrealized gain from investments	(473,636)	(237,236)
Loss on disposal of property and equipment	5,901	39,596
Change in discount and allowance on pledges receivable	2,277	20,346
Changes in assets and liabilities:		
Decrease (increase) in receivables	(21,494)	31,742
Decrease (increase) in prepaid expenses	39,129	(6,117)
Increase (decrease) in accounts payable	(449,538)	143,646
Increase in accrued vacation	80,801	16,409
Increase in deferred pension contributions	29,346	30,712
Increase (decrease) in deferred revenue	1,389,474	(544,154)
Total Adjustments	2,694,846	1,571,243
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	(653,651)	482,480
Cash Flows from Investing Activities		
Purchases of property and equipment	(471,281)	(1,277,328)
Proceeds from disposal of property and equipment, net	1,500	1,316
Purchases of investments	(543,096)	(2,574,842)
Proceeds from sale of investments	868,761	2,534,756
Net Cash and Cash Equivalents Used in Investing Activities	(144,116)	(1,316,098)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	6,909,800	-
Principal payments on debt	-	(150,000)
Principal payments on capital lease obligation	(87,994)	(70,825)
Net Cash and Cash Equivalents Provided by (Used in) Financing Activities	6,821,806	(220,825)
Change in Cash and Cash Equivalents	6,024,039	(1,054,443)
Cash and Cash Equivalents, beginning of year	3,372,497	4,426,940
Cash and Cash Equivalents, end of year	\$ 9,396,536	\$ 3,372,497
Supplemental Cash Flow Disclosure		
Total cash paid for interest	\$ 52,377	\$ 8,833
Capital lease obligations acquired	102,998	198,796

See accompanying organization and summary of significant accounting policies and notes to financial statements.

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 that provides social, recreational, cultural and educational programs for all ages in the Atlanta area. The Center provides scholarships to those in need and services to those with special needs to ensure that every member of the community has the opportunity to benefit from its programs. 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).

The accompanying 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 qualifies under Internal Revenue Code Section 501(c)(3) and is, 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 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, 2020 or 2019.

Contributions, Support and Program Fees

Contributions are recognized upon receipt or when a donor makes a promise to give that is in substance unconditional. Conditional promises to give, those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Center did not have any conditional contributions at August 31, 2020 or 2019. The Center records contributions as either with donor restrictions or without donor restrictions, 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—net assets are reclassified to net assets without donor restrictions and reported in the 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. As of August 31, 2020, there were no long-term pledges; pledges were recorded with a discount rate of 3.7% as of August 31, 2019 based on 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

Membership dues, program service fees, and other revenues are recognized as revenue when earned. Deferred revenue represents activity fees received from participants in advance of the related program activity.

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 selling prices of stock on the date of sale.

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 financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. Expenses which are allocated based on facilities usage include: depreciation (where not directly assigned to a program), building and equipment maintenance, telephone and utilities, insurance, housekeeping/janitorial, and maintenance staffing costs. Expenses allocated based on revenue percentage are marketing contract fees, bad debt expense, and bank fees. Staffing costs for executive management and their staff are allocated based on estimates of time expended. Other expenses are assigned directly to specific programs and supporting functions as expenditures are made.

Impact of COVID-19

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

Marcus Jewish Community Center of Atlanta, Inc.

Organization and Summary of Significant Accounting Policies

COVID-19 has had an impact on the operations of the Center. The Center closed for two months beginning in late March 2020, opened partially in June and was unable to run its resident camping program during the summer. Due to COVID-19, the closure, and limited programming, membership declined 27%. Additionally, day camp and preschool summer camp attendance was significantly impacted resulting in a further reduction of revenue. Programs deemed “unsafe to conduct” were suspended. Because of the suspension and contraction of programming, the Center significantly reduced staffing. The loss of net revenue has resulted in a debt covenant violation, as discussed in Note 7.

Both the health and economic aspects of the COVID-19 pandemic are highly fluid, and the future course of Center programs is uncertain. The Center cannot foresee whether the outbreak of COVID-19 will be effectively contained on a sustained basis, nor can it predict the severity and duration of its impact. If the COVID-19 outbreak is not effectively and timely controlled, the Center’s business operations and financial condition may continue to be materially and adversely affected. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Center cannot estimate the ultimate impact of the pandemic on its fiscal 2021 financial condition and liquidity.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Center did not adopt the items listed above.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Center applied for and received an SBA PPP loan in the amount of \$2,900,800. The application for these funds required the Center to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Center. This certification further required the Center to consider its current business activity and its ability to access other sources of liquidity to support ongoing operations in a manner not significantly detrimental to the business. The Center will apply for forgiveness of a portion of the loan subsequent to the date of this report; therefore, the amount to be forgiven cannot be estimated as of this date.

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.

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

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 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:

Level 1 - This level consists of quoted prices in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - This level consists of inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Level 3 - This level consists of 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 are identified in the following tables:

August 31, 2020

	Total	Level 1	Level 2	Level 3
Fixed income	\$ 1,060,745	\$ 728,538	\$ -	\$ 332,207
Total investments measured at NAV*	11,184,045			
	<u>\$ 12,244,790</u>			

August 31, 2019

	Total	Level 1	Level 2	Level 3
Fixed income	\$ 1,520,250	\$ 1,217,847	\$ -	\$ 302,403
Total investments measured at NAV*	10,576,569			
	<u>\$ 12,096,819</u>			

* Certain investments that are measured at fair value using the net asset value (NAV) per share practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Level 3 investments are comprised of Israel bonds (fixed-income securities) and alternative investments. In assessing the fair value of the Israel bonds, redemption values were utilized. In assessing the fair value of the alternative investments, management utilized third-party investment valuation services.

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

Changes in Level 3 net assets were as follows:

Year ended August 31, 2020

Beginning Balance	\$	302,403
Investment gains		-
Purchases, sales and transfers, net		29,804
Ending Balance	\$	332,207

There were no transfers in or out of Level 1, Level 2 or Level 3 categories during the years ended August 31, 2020 or 2019.

The fair value of the Center's 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.

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 2020 and 2019 was \$2,500. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to 40 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.

Net Assets

Net assets with donor restrictions are restricted for specified programs as set forth in donor agreements. The MJCCA Board of Directors has designated from net assets without donor restrictions \$6,688,740, which may be used by the Center as approved by the Board from time to time.

Liquidity and Availability of Financial Resources

The Center's working capital and cash flows have seasonal variations during the year primarily attributable to the annual cash receipts for camps and preschools. Cash positions tend to be lower in the post-camp months, which typically coincide with the Center's fiscal year-end.

As part of the MJCCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, it invests cash in excess of daily requirements in short-term investments that earn approximately 2%.

To help manage changing liquidity needs, the MJCCA had two committed lines of credit in 2020 in the amount of \$4 million, which it has drawn upon in 2020. The Center had a committed line of credit of \$2 million in 2019, which it did not draw upon in 2019. The Center has Board-designated funds (quasi-endowment of \$6,688,740) that the Board could authorize use of in an emergency.

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

The Center's budget includes estimates of releases from restricted assets based on the Center's endowment spending policy, and such assets are available in the coming year.

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

<i>August 31,</i>	2020	2019
Cash and cash equivalents	\$ 9,396,536	\$ 3,372,497
Pledges receivable, net	993,828	993,828
Accounts receivable, net	156,279	137,062
Financial Assets	10,546,643	4,503,387
Less: restricted net assets	(475,939)	(310,860)
Total	\$ 10,070,704	\$ 4,192,527

Subsequent Events

The Center has determined that no material events took place after the statement of financial position date of August 31, 2020 through the date the financial statements were available for issuance at December 7, 2020.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to 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 \$9,126,331 and \$3,105,316 as of August 31, 2020 and 2019, respectively. Balances are maintained at high-quality financial institutions, and management considers credit risk limited.

2. Pledges Receivable

Pledges receivable are derived from many sources, including individuals, corporations and NFP organizations. The Center had pledges receivable of \$993,828 from the JFGA at August 31, 2020 and 2019. During both years ended August 31, 2020 and 2019 the JFGA made pledges of \$1,191,933 to the Center and paid advances of \$198,656 on the pledges. These pledges have been recorded as support with donor restrictions.

Total pledges receivable are as follows:

<i>August 31,</i>		2020		2019
Receivable in less than a year	\$	998,828	\$	1,001,105
Receivable in one to five years		-		-
Total Pledges Receivable		998,828		1,001,105
Less: discounts to net present value		-		-
Less: allowance for uncollectible pledges		(5,000)		(7,277)
Net Pledges Receivable	\$	993,828	\$	993,828

3. Accounts Receivable

Accounts receivable of \$156,279 and \$137,062 at August 31, 2020 and 2019, respectively, are shown net of allowance for doubtful accounts of \$11,063 and \$51,656, respectively.

4. Endowment

MJCCA's endowment consists of a number of individual funds established by 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, 2020, investments of \$11,514,807 are in a pooled fund consisting of 3% fixed-income funds, and 97% alternative investments, including fund of funds, which are recorded at market value, as reported by the JFGA. The JFGA investments include \$1,191,571 endowment funds and \$6,178,243 Board-designated funds. In addition, the Center has \$729,983 in predominately fixed-income securities at a financial institution, which includes \$54,005 endowment funds and \$510,497 Board-designated funds.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

Interpretation of Relevant Law

The 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 net assets with donor restrictions (in perpetuity) (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 net assets with donor restrictions (in perpetuity) is classified as net assets with donor restrictions (time or purpose) 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
- The investment policies of the Center

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

August 31, 2020

	Unrestricted	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (in Perpetuity)	Total
Donor-restricted endowment funds	\$ -	\$ 201,084	\$ 1,044,492	\$ 1,245,576
Board-designated funds	6,688,740	-	-	6,688,740
Total Funds	\$ 6,688,740	\$ 201,084	\$ 1,044,492	\$ 7,934,316

August 31, 2019

	Unrestricted	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (in Perpetuity)	Total
Donor-restricted endowment funds	\$ -	\$ 168,873	\$ 1,044,492	\$ 1,213,365
Board-designated funds	6,627,039	-	-	6,627,039
Total Funds	\$ 6,627,039	\$ 168,873	\$ 1,044,492	\$ 7,840,404

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

Changes in endowment net assets are as follows:

August 31, 2020

	Unrestricted	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (in Perpetuity)	Total
Endowment Net Assets , beginning of year	\$ 6,627,039	\$ 168,873	\$ 1,044,492	\$ 7,840,404
Investment income	255,794	49,621	-	305,415
Other changes:				
Fund reclassification	-	11,472	-	11,472
Contributions and additions	-	-	-	-
Appropriation of funds	(194,093)	(28,882)	-	(222,975)
Change in fund restriction	-	-	-	-
Endowment Net Assets , end of year	\$ 6,688,740	\$ 201,084	\$ 1,044,492	\$ 7,934,316

August 31, 2019

	Unrestricted	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (in Perpetuity)	Total
Endowment Net Assets , beginning of year	\$ 6,619,886	\$ 162,699	\$ 1,044,492	\$ 7,827,077
Investment income	172,934	25,225	-	198,159
Other changes:				
Fund reclassification	-	13,090	-	13,090
Contributions and additions	-	-	-	-
Appropriation of funds	(165,781)	(32,141)	-	(197,922)
Change in fund restriction	-	-	-	-
Endowment Net Assets , end of year	\$ 6,627,039	\$ 168,873	\$ 1,044,492	\$ 7,840,404

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 for 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.

As of August 31, 2019, deficiencies existed in two funds with donor-restricted amounts totaling \$20,000. The funds totaled \$19,792 which included a deficit of \$208.

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 Board, the endowment assets are invested in a manner that is intended to yield a long-term rate of return that is approximately 2.5% greater than the rate of

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

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.

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

The Center's spending policy appropriates for distribution each year 5% of its endowment fund's average fair value, which is based on a rolling quarterly average of the three-year calendar period ending within 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 \$729,983 and \$1,219,292 include \$54,005 and \$53,031 of endowment funds as of August 31, 2020 and 2019, respectively, as well as \$510,497 and \$1,030,711 of Board-designated funds as of August 31, 2020 and 2019, respectively. These investments were held at a financial institution in predominately fixed-income securities.

Investments held by the JFGA on the Center's behalf of \$11,514,807 and \$10,877,527 include \$1,191,571 and \$1,160,334 of endowments as of August 31, 2020 and 2019, respectively. The JFGA investments also include \$6,178,243 and \$5,596,328 of Board-designated funds as of August 31, 2020 and 2019, respectively. The nature of these investments includes equity funds, fixed-income funds and hedge funds.

The following schedule summarizes the composition of investment income:

<i>Year ended August 31,</i>	2020	2019
Dividends and interest	\$ 60,939	\$ 58,959
Net realized and unrealized gains	473,636	237,201
Total Investment Income	\$ 534,575	\$ 269,160

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

6. Property and Equipment

Property and equipment are as follows:

<i>August 31,</i>	2020	2019
Land	\$ 921,396	\$ 921,396
Building and improvements	48,141,446	47,791,538
Furniture, equipment and software	6,968,968	6,886,963
Leasehold improvements	114,001	114,001
Vehicles	382,699	411,767
Construction in Progress	718,361	666,018
Total	57,246,871	56,791,683
Less: accumulated depreciation	(28,674,308)	(26,693,412)
Property and Equipment, Net	\$ 28,572,563	\$ 30,098,271

7. Notes Payable and Lines of Credit

The Center had the following notes payable and lines of credit outstanding:

<i>August 31,</i>	2020	2019
Affinity bank - SBA PPP loan	\$ 2,909,800	\$ -
Wells Fargo line of credit set to mature May 26, 2021	2,000,000	-
Branch Banking & Trust Company (now Truist) line of credit set to mature October 7, 2021	2,000,000	-
Less: current maturities	(4,000,000)	-
Total Notes Payable, long-term	\$ 2,909,800	\$ -

On May 5, 2020, the Center received an SBA PPP loan in the amount of \$2,909,800. The interest rate on the loan is 1.00% per year. If the loan is not forgiven, the Center must pay principal and interest payments of \$163,767 for 18 months beginning after the SBA forgiveness decision.

At August 31, 2020 and 2019, the Center had available a line of credit from Wells Fargo Bank in the amount of \$2,000,000 with an outstanding balance of \$2,000,000 and \$0 respectively. The line of credit provided for monthly interest at a rate equal to one-month LIBOR Index plus 1.97% per annum in 2020 and 1.57% per annum in 2019. The line of credit also imposes an availability fee of 0.25% per annum on the unused principal. The line of credit matures on May 26, 2021 and contains various restrictive covenants.

In fiscal year 2020, the Center was in compliance with its Wells Fargo covenants. The Center drew down this line of credit on April 02, 2020. Total interest expense incurred during the years ended August 31, 2020 and 2019 with respect to this line of credit was \$17,819 and \$0 respectively.

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

On October 7, 2019, the Center obtained a line of credit from Branch Banking & Trust Company (now known as Truist Bank) in the amount of \$2 million. This note provided for monthly interest at a rate equal to one-month LIBOR Index plus 1.300% per annum in 2020. The Center drew down this line of credit on April 02, 2020. Total interest expense incurred during the year ended August 31, 2020 was \$14,595. This note requires that the Center meet a financial covenant of debt service coverage equal to the ratio of EBITDA to debt service of not less than 1.0 to 1.0. As of August 31, 2020, the Center failed to meet this covenant thereby resulting in statement of financial position classification of the debt as current.

8. 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 \$89,828 and \$105,393 for fiscal years 2020 and 2019, respectively. To the extent that matching contributions for senior management are deemed discriminatory and forfeited under IRS regulations, the Center contributes such amounts to a Section 457(b) plan. Employee contributions comprise the remainder of contributions. The Center maintains both the asset and liability related to the 457(b) plan in the statements of financial position. The expense in 2020 and 2019 was insignificant.

9. Capital Leases

The Center routinely leases equipment under capital lease agreements. During the current fiscal year, the Center leased equipment valued at \$102,998 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, 2020:

Year ending August 31,

2021	\$	97,977
2022		68,984
2023		39,262
2024		29,101
2025		21,169
Total		256,493
Less: amount representing interest		(44,888)
Present Value of Net Minimum Capital Lease Payments	\$	211,605

At August 31, 2020 and 2019, the leased equipment had a recorded cost of \$647,513 and \$604,151 and related accumulated depreciation of \$394,164 and \$348,299, respectively.

10. Commitments and Contingencies

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 Financial Statements

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are detailed as follows:

<i>August 31,</i>	2020	2019
Net Assets with Donor Restrictions (Time or Purpose)		
MJCCA - Major Repair & Refurbishment	\$ 1,155,003	\$ 1,171,192
JFGA Grant	1,000,771	1,000,771
Lisa F. Brill Institute for Jewish Learning	831,614	842,411
Harvey Shulman Memorial Scholarship Fund	599,087	608,467
Capital Campaign Reserve Fund	434,617	418,998
Besser Holocaust Memorial Pavilion Fund	411,389	396,388
Other	380,987	268,865
Garrett Van De Grift Scholarship Fund	195,847	188,707
Angels Camp Scholarships	157,591	151,997
Brill, Lisa F. - Fund for Preschool Teacher Professional Development	130,062	125,319
STABLE grants	86,580	-
E&S Parks Fund for Adult Education & Cultural Arts	80,958	96,509
Security Fund	77,306	78,006
Barbara & Ivan Friedland Scholarship Fund	70,349	64,093
Software upgrade	57,170	56,222
Stanley Tenenbaum Family Fitness Fund	52,857	49,812
Rice Weinstein Scholarship Fund	44,943	43,304
Laura Zaban Dinerman Fund	43,306	41,817
Goizueta Foundation Scholarship Fund	22,285	27,552
Sophie Hirsh Srochi Children's Museum	19,951	15,577
Blonder IAE for Adult Education	15,765	15,190
Orkin Center Endowment Fund	13,183	8,692
Debra "Debbie" Sonenshine S.O.A.R. Fund	11,475	6,983
Herbert H. Zwerner & Grace Zwerner Fund for Early Childhood Services	9,594	9,245
Pete Morris Musical Theater	9,317	9,151
Debra "Debbie" Sonenshine Special Needs Scholarship & Subsidy Fund	7,720	7,438
The Ron Brill Symposium	6,252	6,024
Present value discount - long-term pledges	-	-
Allowance for doubtful pledges	(5,000)	(7,277)
Total Net Assets with Donor Restrictions (Time or Purpose)	5,920,979	5,701,453
Net Assets with Donor Restrictions (in Perpetuity)		
Goizueta Foundation Scholarship Fund	350,000	350,000
Orkin Center Endowment Fund	110,000	110,000
Sophie Hirsh Srochi Museum Fund	100,000	100,000
Maziar Family Sports Camp	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
Steven and Janet Cadranel Biennial Young Leadership Award 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 S.O.A.R. 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	9,796	9,796
Total Net Assets with Donor Restrictions (in Perpetuity)	1,044,492	1,044,492
Total Net Assets with Donor Restrictions	\$ 6,965,471	\$ 6,745,946

Marcus Jewish Community Center of Atlanta, Inc.

Notes to Financial Statements

12. Net Assets Without Donor Restrictions

<i>August 31,</i>	2020	2019
Undesignated	\$ 25,567,259	\$ 29,196,982
Board-designated operating	6,647,498	6,572,304
EZ Community Bridge Builders Award	18,494	17,819
S. Sacks	17,263	16,634
Benator ECE	5,073	5,073
Other	412	412
H&PE Funds	-	14,797
Total	\$ 32,255,999	\$ 35,824,021

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