Marcus Jewish Community Center of Atlanta, Inc.

Combined Financial Statements
Years Ended August 31, 2017 and 2016

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Marcus Jewish Community Center of Atlanta, Inc.

Combined Financial Statements
Years Ended August 31, 2017 and 2016

Marcus Jewish Community Center of Atlanta, Inc.

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Tel: 404-688-6841
Fax: 404-688-1075
www.bdo.com

1100 Peachtree Street NE, Suite 700
Atlanta, GA 30309

Independent Auditor's 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, 2017 and 2016, 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, 2017 and 2016, 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 8, 2017

Combined Financial Statements

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Financial Position

August 31,	**2017**	2016
Assets		
Current Assets		
Cash and cash equivalents	**$ 3,372,608**	$ 3,198,566
Pledges receivable, net of allowance of $67,615 and $0	**1,144,438**	1,585,945
Accounts receivable, net of allowance of $33,427 and $52,730	**179,674**	194,264
Prepaid expenses	**366,814**	290,371
Total Current Assets	**5,063,534**	5,269,146
Investments		
Investments held at the Jewish Federation of Greater Atlanta	**7,188,192**	4,611,717
Investments - other	**4,988,330**	6,848,867
Total Investments	**12,176,522**	11,460,584
Property and Equipment,Net	**31,776,346**	32,232,617
Pledges Receivable - Long-Term, Net of Discount and Allowance of $3,184 and $78,993	**29,493**	126,048
	$ 49,045,895	$ 49,088,395

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Financial Position

August 31,	**2017**	2016
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	**$ 1,362,027**	$ 1,714,825
Deferred revenue	**1,756,918**	1,446,109
Accrued vacation	**235,641**	223,777
Current portion of notes payable	**200,000**	200,000
Current portion of capital lease obligation	**24,066**	48,268
Total Current Liabilities	**3,578,652**	3,632,979
Long-Term Liabilities		
Notes payable	**150,000**	350,000
Deferred pension contributions	**57,576**	36,659
Capital lease obligation	**22,666**	46,733
Deferred contribution deposits	**3,348**	3,348
Total Long-Term Liabilities	**233,590**	436,740
Total Liabilities	**3,812,242**	4,069,719
Commitments and Contingencies		
Net Assets		
Unrestricted		
Undesignated	**31,306,127**	31,265,186
Board designated	**6,537,020**	6,424,841
Total Unrestricted	**37,843,147**	37,690,027
Temporarily restricted	**6,346,014**	6,284,157
Permanently restricted	**1,044,492**	1,044,492
Total Net Assets	**45,233,653**	45,018,676
	$ 49,045,895	$ 49,088,395

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

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Activities

Year ended August 31,	**2017**				2016			
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	***Total***	*Unrestricted*	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Revenues, Public and Other								
Support								
Grants and awards	$ 151,285	$ 1,862,810	$ -	**$ 2,014,095**	$ 142,754	$ 1,886,373	$ -	$ 2,029,127
Contributions	1,899,319	518,080	-	**2,417,399**	1,609,170	215,610	50,000	1,874,780
Membership dues	2,899,883	-	-	**2,899,883**	2,749,545	-	-	2,749,545
Program revenues	17,043,907	-	-	**17,043,907**	16,961,526	-	-	16,961,526
Investment income	118,384	284,830	-	**403,214**	73,284	133,938	-	207,222
Other	493,858	-	-	**493,858**	549,932	-	-	549,932
Total revenues, public and other support	22,606,636	2,665,720	-	**25,272,356**	22,086,211	2,235,921	50,000	24,372,132
Net Assets Released from Restrictions	2,603,863	(2,603,863)	-	**-**	4,178,374	(4,178,374)	-	-
Expenses								
Program	19,663,733	-	-	**19,663,733**	20,050,073	-	-	20,050,073
Management and general	4,604,047	-	-	**4,604,047**	4,446,118	-	-	4,446,118
Fundraising	789,599	-	-	**789,599**	618,537	-	-	618,537
Total expenses	25,057,379	-	-	**25,057,379**	25,114,728	-	-	25,114,728
Change in Net Assets	153,120	61,857	-	**214,977**	1,149,857	(1,942,453)	50,000	(742,596)
Net Assets, beginning of year	37,690,027	6,284,157	1,044,492	**45,018,676**	36,540,170	8,226,610	994,492	45,761,272
Net Assets, end of year	$ 37,843,147	$ 6,346,014	$ 1,044,492	**$ 45,233,653**	$ 37,690,027	$ 6,284,157	$ 1,044,492	$ 45,018,676

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

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Functional Expenses

Year ended August 31, 2017

	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	$ 560,534	$ 1,018,262	$ 3,810,388	$ 1,905,032	$ 1,677,570	$ 171,332	$ 198,890	$ 9,342,008	$ 2,336,047	$ 433,332	$ 12,111,387
Employee medical	38,960	28,103	265,008	51,336	72,454	11,112	4,661	471,634	290,194	30,068	791,896
Employee retirement	6,729	7,135	42,433	10,740	13,312	2,711	913	83,973	44,978	6,742	135,693
Workers' compensation insurance	8,992	14,163	66,389	29,056	27,736	2,851	989	150,176	64,412	6,590	221,178
Payroll taxes	41,888	80,723	295,372	154,938	119,045	16,626	18,140	726,732	140,812	32,771	900,315
Contract fees	287,579	246,236	393,494	208,076	174,045	17,348	45,384	1,372,162	361,400	60,794	1,794,356
Supplies	141,399	206,961	593,942	329,771	1,180,321	62,401	44,673	2,559,468	194,875	156,400	2,910,743
Telephone	2,804	3,259	17,872	11,101	66,887	1,929	690	104,542	38,935	3,070	146,547
Postage	13,933	9,884	2,958	4,973	17,570	-	99	49,417	23,229	13,931	86,577
Occupancy	931	-	17,947	2,075	-	-	-	20,953	52,500	-	73,453
Utilities	29,230	40,695	85,478	108,996	143,866	1,923	962	411,150	66,577	321	478,048
Transportation	26,865	154,744	136,760	11,448	287,068	1,244	345	618,474	18,562	673	637,709
Conferences	13,347	69	8,626	634	33	775	40	23,524	4,272	-	27,796
Printing	48,425	15,288	8,860	7,617	20,942	132	352	101,616	33,287	25,029	159,932
Interest	-	-	-	409	-	-	-	409	4,219	-	4,628
Bank fees	11,930	84,837	177,911	54,445	171,698	3,196	1,451	505,468	33,897	-	539,365
Building and equipment maintenance	57,251	60,264	165,590	229,091	389,133	3,445	2,659	907,433	268,501	3,684	1,179,618
Insurance	23,245	63,870	70,277	91,901	107,065	1,622	811	358,791	57,340	270	416,401
National dues	530	-	-	-	3,991	-	-	4,521	133,336	-	137,857
Advertising	11,612	31,624	21,009	1,998	24,561	-	161	90,965	33,758	8,080	132,803
Bad debt	159	971	2,418	637	4,988	-	-	9,173	4,015	-	13,188
Staff development	5,416	7,117	34,997	5,604	981	16	-	54,131	27,691	7,844	89,666
Miscellaneous	15,744	60	13,894	17,417	2,460	68	-	49,643	84,554	-	134,197
Depreciation, amortization, and loss on disposal of assets	70,064	166,767	329,795	538,648	518,478	9,322	14,296	1,647,370	286,656	-	1,934,026
Total	$ 1,417,567	$ 2,241,032	$ 6,561,418	$ 3,775,943	$ 5,024,204	$ 308,053	$ 335,516	$ 19,663,733	$ 4,604,047	$ 789,599	$ 25,057,379

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

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Functional Expenses

Year ended August 31, 2016

	Arts and Culture	Day and Travel Camps	Children and Youth	Health and Physical Fitness	Residential Camp	Social Services	Other Programs	Total Programs	Management and General	Fundraising	Total
Salaries	$ 524,170	$ 1,066,254	$ 3,696,088	$ 1,871,300	$ 1,592,919	$ 230,439	$ 189,866	$ 9,171,036	$ 2,100,305	$ 352,683	$ 11,624,024
Employee medical	38,381	29,111	268,291	50,538	73,596	14,218	4,754	478,889	283,999	25,944	788,832
Employee retirement	5,531	7,407	43,887	11,145	12,152	2,626	1,268	84,016	48,340	6,028	138,384
Workers' compensation insurance	10,249	15,284	77,211	33,168	25,926	3,861	1,192	166,891	81,151	6,620	254,662
Payroll taxes	39,270	87,404	292,093	153,882	113,874	15,323	17,631	719,477	121,568	26,750	867,795
Contract fees	247,127	248,021	376,446	169,471	204,033	8,427	47,072	1,300,597	359,610	53,839	1,714,046
Supplies	162,285	234,428	546,720	293,457	1,177,763	64,194	65,085	2,543,932	176,917	105,323	2,826,172
Telephone	2,690	3,014	17,456	11,966	49,376	1,902	672	87,076	39,407	2,991	129,474
Postage	8,861	14,018	4,373	3,997	14,664	-	36	45,949	25,793	12,248	83,990
Occupancy	525	1,558	13,188	7,607	-	-	1,725	24,603	46,804	-	71,407
Utilities	34,986	46,876	100,791	128,825	127,159	2,273	1,137	442,047	36,724	379	479,150
Transportation	29,619	158,119	146,364	43,344	310,575	5,725	146	693,892	13,701	1,322	708,915
Conferences	15,820	-	5,005	610	-	961	-	22,396	12,732	-	35,128
Printing	41,796	20,473	8,021	8,338	21,434	114	455	100,631	43,308	15,217	159,156
Interest	-	-	-	917	-	-	-	917	5,869	-	6,786
Bank fees	11,244	83,043	162,384	51,670	155,650	2,924	1,878	468,793	35,195	167	504,155
Building and equipment maintenance	71,639	77,035	204,813	295,363	484,968	5,295	7,869	1,146,982	314,820	3,047	1,464,849
Insurance	24,094	66,201	72,842	95,457	110,973	1,681	840	372,088	61,103	280	433,471
National dues	-	-	-	-	3,896	-	-	3,896	150,000	-	153,896
Advertising	55,462	31,261	18,601	1,388	12,726	372	-	119,810	39,127	5,385	164,322
Bad debt	61	369	997	242	1,893	-	-	3,562	1,523	-	5,085
Staff development	1,858	8,279	31,768	7,556	-	699	-	50,160	14,270	294	64,724
Miscellaneous	18,086	512	13,527	14,848	2,760	-	-	49,733	103,961	20	153,714
Depreciation, amortization, and loss on disposal of assets	67,678	208,865	333,810	742,701	568,504	16,953	14,189	1,952,700	329,891	-	2,282,591
Total	$ 1,411,432	$ 2,407,532	$ 6,434,676	$ 3,997,790	$ 5,064,841	$ 377,987	$ 355,815	$ 20,050,073	$ 4,446,118	$ 618,537	$ 25,114,728

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

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Cash Flows

Year ended August 31,	**2017**	2016
Cash Flows from Operating Activities		
Change in net assets	**$ 214,977**	$ (742,596)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**1,919,982**	1,805,735
Realized and unrealized gain from investments	**(370,137)**	(178,190)
Loss on disposal of property and equipment	**31,326**	474,906
Capital campaign contribution pledges	**-**	(7)
Change in discount and allowance on pledges receivable	**8,194**	33,348
Changes in assets and liabilities:		
Decrease (increase) in receivables	**82,559**	(29,709)
Increase in prepaid expenses	**(76,443)**	(28,360)
(Decrease) increase in accounts payable	**(352,798)**	481,422
Increase in accrued vacation	**11,864**	24,310
Increase (decrease) in deferred pension contributions	**20,917**	(12,162)
Increase in deferred revenue	**310,809**	16,387
Total adjustments	**1,586,273**	2,587,680
Net cash and cash equivalents provided by operating activities	**1,801,250**	1,845,084
Cash Flows from Investing Activities		
Purchases of property and equipment	**(1,498,137)**	(3,324,115)
Proceeds from disposal of property and equipment, net	**3,100**	1,950
Purchases of investments	**(2,430,458)**	(150,149)
Proceeds from sale of investments	**2,084,657**	493,054
Net cash and cash equivalents used in investing activities	**(1,840,838)**	(2,979,260)

Marcus Jewish Community Center of Atlanta, Inc.

Combined Statements of Cash Flows

Year ended August 31,	**2017**	2016
Cash Flows from Financing Activities		
Principal payments on debt	**(200,000)**	(200,000)
Collection of capital campaign contributions	**461,899**	1,249,460
Principal payments on capital lease obligation	**(48,269)**	(51,603)
Net cash and cash equivalents provided by financing activities	**213,630**	997,857
Change in Cash and Cash Equivalents	**174,042**	(136,319)
Cash and Cash Equivalents, beginning of year	**3,198,566**	3,334,885
Cash and Cash Equivalents, end of year	**$ 3,372,608**	$ 3,198,566
Supplemental Cash Flow Disclosure		
Total cash paid for interest	**$ 4,628**	$ 6,786

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

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 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").

These combined financial statements also include the assets, net assets and activity of the Atlanta Jewish Community Center Endowment, Inc. (the "AJCC Endowment") in 2015, although there was no activity. AJCC Endowment was dissolved in March 2016. There were no assets or liabilities at the time of dissolution.

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, 2017 or 2016.

Contributions, Support and Program Fees

Contributions are recognized upon receipt or when a donor makes a promise to give that is in substance unconditional. 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 (based on a discount rate of 2.8% and 2.3% as of August 31, 2017 and 2016) 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.

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 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:

Level 1: Quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Level 3: 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, 2017 are identified in the following table:

	Level 1	*Level 2*	*Level 3*	*Total*
Equities	$ -	$ 2,462,869	$ -	$ 2,462,869
Fixed income	4,398,105	4,480,979	100,662	8,979,746
Alternative Investments	-	-	148,682	148,682
Partnerships	-	585,225	-	585,225
	$ 4,398,105	$ 7,529,073	$ 249,344	$ 12,176,522

The fair value measurements of investment securities at August 31, 2016 are identified in the following table:

	Level 1	*Level 2*	*Level 3*	*Total*
Equities	$ 1,313,016	$ -	$ -	$ 1,313,016
Fixed income	9,129,122	-	75,517	9,204,639
Alternative Investments	-	-	357,704	357,704
Partnerships	-	585,225	-	585,225
	$ 10,442,138	$ 585,225	$ 433,221	$ 11,460,584

Level 3 investments are comprised 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, 2017 were:

Beginning balance	$ 433,221
Investment gains	57,474
Purchases, sales, and transfers, net	(241,351)
Ending balance	$ 249,344

Changes in Level 3 net assets for the fiscal year ended August 31, 2016 were:

Beginning balance	$ 394,674
Investment losses	(2,255)
Purchases, sales, and transfers, net	40,802
Ending balance	$ 433,221

During the current year, changes in the registered investment advisor resulted in the acquisition of institutional funds for which quoted prices in active markets were not available. However, there was sufficient information available to measure the fair values of the institutional funds. These institutional funds, which have a carrying value of $6,943,848, are included in Level 2 in the fair value hierarchy. There were no transfers in or out of Level 1, Level 2 or Level 3 categories during the years ended August 31, 2017 or 2016.

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.

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 2017 and 2016 was $2,500. 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.

Subsequent Events

The Center has determined that no material events took place after the balance sheet date of August 31, 2017 through the date the financial statements were available for issuance at December 8, 2017.

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 $3,114,447 and $2,937,832 as of August 31, 2017 and 2016 respectively. The cash balance in interest-bearing accounts at August 31, 2017 and 2016 includes $382,596 and $848,920 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 risk 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 $1,115,404 from the JFGA at August 31, 2017. During the year ended August 31, 2017 the JFGA made a pledge of $1,338,484 to the Center and paid advances of $223,080 on the pledge. These pledges have been recorded as temporarily restricted support.

The Center had pledges receivable of $1,174,108 from the JFGA at August 31, 2016. During the year ended August 31, 2016 the JFGA made a pledge of $1,408,930 to the Center and paid advances of $234,822 on the pledge.

Total pledges receivable as of August 31, 2017 are as follows:

	Amount
Receivable in less than a year	$ 1,212,053
Receivable in one to five years	32,677
Total pledges receivable	1,244,730
Less discounts to net present value	(1,093)
Less allowance for uncollectible pledges	(69,706)
Net pledges receivable	$ 1,173,931

3. Accounts Receivable

Accounts receivable of $179,674 and $194,264 at August 31, 2017 and 2016, respectively, are shown net of allowance for doubtful accounts of $33,427 and $52,730, respectively.

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, 2017, investments of $7,188,192 ($1,179,701 is a component of the endowment) are in a pooled fund consisting of 65% domestic equities, 0% international equities, 31% fixed income funds, and 4% alternative investments which are recorded at market value as reported by the JFGA. In addition, the Center has $4,403,105 ($50,601 is a component of the endowment) in predominately fixed income securities at a financial institution. As of August 31, 2016, the Center had investments of $4,611,717 ($949,931 was a component of the endowment) in a pooled fund consisting of 36% domestic equities, 18% international equities, 31% fixed income funds, and 15% alternative investments which were recorded at market value as reported by the JFGA. In addition, the Center had $6,263,642 ($240,328 was a component of the endowment) in predominately fixed income securities at a financial institution.

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 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.

Endowment net assets composition by type of fund as of August 31, 2017 and 2016:

2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 185,810	$ 1,044,492	$ 1,230,302
Board-designated funds	6,537,020	-	-	6,537,020
Total Funds	$ 6,537,020	$ 185,810	$ 1,044,492	$ 7,767,322

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 145,767	$ 1,044,492	$ 1,190,259
Board-designated funds	6,424,841	-	-	6,424,841
Total Funds	$ 6,424,841	$ 145,767	$ 1,044,492	$ 7,615,100

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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,424,841	$ 145,767	$ 1,044,492	$ 7,615,100
Investment income	115,602	74,454	-	190,056
Other changes:				
Fund reclassifications	-	11,597	-	11,597
Contributions and additions	72	4,000	-	4,072
Appropriation of funds	(3,495)	(50,008)	-	(53,503)
Change in fund restriction	-	-	-	-
Total Funds	$ 6,537,020	$ 185,810	$ 1,044,492	$ 7,767,322

Changes in endowment net assets for the fiscal year ended August 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,658,074	$ 148,155	$ 994,492	$ 7,800,721
Investment income	69,994	41,027	-	111,021
Other changes:				
Fund reclassifications	-	5,502	-	5,502
Contributions and additions	-	3,904	50,000	53,904
Appropriation of funds	(303,227)	(52,821)	-	(356,048)
Change in fund restriction	-	-	-	-
Total Funds	$ 6,424,841	$ 145,767	$ 1,044,492	$ 7,615,100

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 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. Effective September, 2016, the MJCCA modified the target yield to 2.0% more than the inflation rate. 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, 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 preceding 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 $4,403,105 and $6,263,642 includes $50,601 and $240,328 of endowment funds as of August 31, 2017 and 2016, respectively, which were held at a financial institution in predominately fixed income securities. Also included is an interest in a partnership equal to $585,225.

Investments held by the JFGA on the Center's behalf of $7,188,192 and $4,611,717 includes $1,179,701 and $833,457 of endowments as of August 31, 2017 and 2016, 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, 2017 and 2016:

	2017	2016
Dividends and interest	**$ 33,077**	$ 29,032
Net realized and unrealized gains	**370,137**	178,190
Total investment income	**$ 403,214**	$ 207,222

6. Property and Equipment

Property and equipment at August 31, 2017 and 2016 are as follows:

	2017	2016
Land	**$ 921,396**	$ 921,396
Building and improvements	**46,234,700**	45,462,700
Furniture, equipment and software	**6,423,134**	6,123,352
Leasehold improvements	**114,001**	114,001
Vehicles	**371,463**	361,897
Construction in Progress	**634,271**	317,500
Total	**54,698,965**	53,300,846
Less accumulated depreciation	**(22,922,619)**	(21,068,229)
Property and equipment, net	**$ 31,776,346**	$ 32,232,617

7. Notes Payable

As of August 31, 2017 and 2016, the Center had the following notes payable outstanding:

	2017	2016
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.	**$ 350,000**	$ 550,000
Less current maturities	**200,000**	200,000
Total notes payable, long-term	**$ 150,000**	$ 350,000

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 automatically renews annually at the then-outstanding balance, and is set to expire January 27, 2019.

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, 2017 and 2016 with respect to the above note payable, the line-of-credit and capital leases was $4,628 and $6,786, respectively.

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

	Amount
2018	$ 200,000
2019	150,000
Thereafter	-
	$ 350,000

8. Line-of-Credit

At August 31, 2017 and 2016, 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 provided for monthly interest at a rate equal to the one month LIBOR Index plus 1.57% and 1.57% per annum respectively in 2017 and 2016 although the line was not utilized during either year. 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 27, 2019 and contains various restrictive covenants. In fiscal year 2017, the Center was in compliance with its covenants.

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 $98,939 and $103,034 for fiscal years 2017 and 2016 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 Combined Statements of Financial Position. The expense in 2017 and 2016 was insignificant.

10. Capital Leases

The Center routinely leases equipment under capital lease agreements. During the current fiscal year, the Center did not lease any new equipment 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, 2017:

	Amount
2018	$ 26,850
2019	15,044
2020	9,386
Total	51,280
Less amount representing interest	(4,548)
Present value of net minimum capital lease payments	$ 46,732

At August 31, 2017 and 2016, the leased equipment had a recorded cost of $428,453 and $448,223 and related accumulated depreciation of $263,942 and $221,791, respectively.

11. 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.

12. Restricted Net Assets

Permanently restricted net assets as of August 31, 2017 and 2016 are detailed as follows:

	2017	2016
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 permanently restricted net assets	**$ 1,044,492**	$ 1,044,492

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, 2017 and 2016 are available for the following purposes or periods:

	2017	2016
MJCCA - Major Repair & Refurbishment	$ 1,255,427	$ 1,236,324
JFGA Grant	1,122,904	1,174,108
Lisa F. Brill Institute for Jewish Learning	904,003	891,981
Harvey Shulman Memorial Scholarship Fund	652,238	642,870
Besser Holocaust Memorial Pavilion Fund	480,642	375,642
Capital Campaign - Framework for Our Future	398,207	765,507
Atlanta Jewish Teen Initiative	219,861	-
Garrett Van De Grift Scholarship Fund	202,633	-
Angels Camp Scholarships	147,344	138,627
Lisa F. Brill Ethical Start Scholarship Fund	133,748	125,580
Miracle Makers grant	121,110	186,110
Other	103,999	122,590
Maccabi Games 2019	100,000	-
E&S Parks Fund for Adult Ed/Cultural Arts	84,054	83,081
Barbara & Ivan Friedland Scholarship Fund	56,003	48,493
Software upgrade	55,552	55,500
Stanley Tenenbaum Family Fitness Fund	52,740	-
Blonder Family - Developmental Disabilities	42,678	63,331
Rice Weinstein Scholarship Fund	42,293	43,215
Laura Zaban Dinerman Fund	40,782	13,662
Security Fund	38,886	-
Goizueta Foundation Scholarship Fund	37,184	31,737
Preschool Sensory Room	25,000	25,000
Sophie Hirsh Srochi Children's Museum	20,747	13,599
Blonder IAE for Adult Education	16,765	16,785
Orkin Center Endowment Fund	13,292	11,741
The Ron Brill Symposium	12,095	11,568
Herbert H. Zwerner & Grace Zwerner Fund for Early Childhood Services	10,396	10,511
Pete Morris Musical Theater	9,305	9,670
Debra "Debbie" Sonenshine Special Needs Scholarship & Subsidy Fund	8,986	8,688
Debra "Debbie" Sonenshine S.O.A.R. Fund	5,427	3,833
Blonder Fund for Developmental Disabilities	2,512	1,260
The Community Foundation - Grants to Green	-	207,574
HMS Foundation grant	-	44,563
Present value discount - long-term pledges	(1,093)	(5,987)
Allowance for doubtful pledges	(69,706)	(73,006)
Total temporarily restricted net assets	$ 6,346,014	$ 6,284,157

Board designated net assets have been set aside for specific projects or purposes as follows:

	2017	2016
Board Designated Operating	**$ 6,482,624**	$ 6,372,562
EZ Community Bridge Builders Award	**17,659**	16,790
S. Sacks	**16,514**	15,636
H&PE Funds	**14,738**	14,368
Benator ECE	**5,073**	5,073
Other	**412**	412
Total board designated net assets	**$ 6,537,020**	$ 6,424,841