



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

**Financial Statements**  
Years Ended August 31, 2018 and 2017



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

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Financial Statements  
Years Ended August 31, 2018 and 2017

# Marcus Jewish Community Center of Atlanta, Inc.

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## Independent Auditor's Report

To 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018

## Financial Statements

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# Marcus Jewish Community Center of Atlanta, Inc.

## Statements of Financial Position

<i>August 31,</i>	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,426,940	\$ 3,372,608
Pledges receivable, net of allowance of \$25,134 and \$67,615	1,028,230	1,144,438
Accounts receivable, net of allowance of \$37,215 and \$33,427	154,748	179,674
Prepaid expenses	317,392	366,814
<b>Total Current Assets</b>	<b>5,927,310</b>	<b>5,063,534</b>
<b>Investments</b>		
Investments held at the Jewish Federation of Greater Atlanta	8,480,163	7,188,192
Investments - other	3,339,334	4,988,330
<b>Total Investments</b>	<b>11,819,497</b>	<b>12,176,522</b>
<b>Property and Equipment, Net</b>	<b>30,739,358</b>	<b>31,776,346</b>
<b>Pledges Receivable - Long-Term, Net of Discount and Allowance of \$2,489 and \$3,184</b>	<b>-</b>	<b>29,493</b>
	<b>\$ 48,486,165</b>	<b>\$ 49,045,895</b>

# Marcus Jewish Community Center of Atlanta, Inc.

## Statements of Financial Position

August 31,	2018	2017
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,798,137	\$ 1,362,027
Deferred revenue	2,476,671	1,756,918
Accrued vacation	249,657	235,641
Current portion of notes payable	150,000	200,000
Current portion of capital lease obligation	29,986	24,066
<b>Total Current Liabilities</b>	<b>4,704,451</b>	<b>3,578,652</b>
<b>Long-Term Liabilities</b>		
Notes payable	-	150,000
Deferred pension contributions	80,993	57,576
Capital lease obligation	38,643	22,666
Deferred contribution deposits	3,348	3,348
<b>Total Long-Term Liabilities</b>	<b>122,984</b>	<b>233,590</b>
<b>Total Liabilities</b>	<b>4,827,435</b>	<b>3,812,242</b>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Unrestricted		
Undesignated	30,064,198	31,306,127
Board designated	6,619,886	6,537,020
<b>Total Unrestricted</b>	<b>36,684,084</b>	<b>37,843,147</b>
Temporarily restricted	5,930,154	6,346,014
Permanently restricted	1,044,492	1,044,492
<b>Total Net Assets</b>	<b>43,658,730</b>	<b>45,233,653</b>
	<b>\$ 48,486,165</b>	<b>\$ 49,045,895</b>

*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,

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Public and Other</b>								
<b>Support</b>								
Grants and awards	\$ 368,826	\$ 1,689,312	\$ -	\$ 2,058,138	\$ 151,285	\$ 1,862,810	\$ -	\$ 2,014,095
Contributions	1,983,707	239,208	-	2,222,915	1,899,319	518,080	-	2,417,399
Membership dues	2,979,270	-	-	2,979,270	2,899,883	-	-	2,899,883
Program revenues	17,580,131	-	-	17,580,131	17,043,907	-	-	17,043,907
Investment income	99,997	74,274	-	174,271	118,384	284,830	-	403,214
Loss on sale of investment	(86,694)	-	-	(86,694)	-	-	-	-
Other	743,452	-	-	743,452	493,858	-	-	493,858
<b>Total revenues, public and other support</b>	<b>23,668,689</b>	<b>2,002,794</b>	<b>-</b>	<b>25,671,483</b>	<b>22,606,636</b>	<b>2,665,720</b>	<b>-</b>	<b>25,272,356</b>
<b>Net Assets Released from Restrictions</b>	<b>2,418,654</b>	<b>(2,418,654)</b>	<b>-</b>	<b>-</b>	<b>2,603,863</b>	<b>(2,603,863)</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>								
Program	21,739,135	-	-	21,739,135	19,663,733	-	-	19,663,733
Management and general	4,699,899	-	-	4,699,899	4,604,047	-	-	4,604,047
Fundraising	807,372	-	-	807,372	789,599	-	-	789,599
<b>Total expenses</b>	<b>27,246,406</b>	<b>-</b>	<b>-</b>	<b>27,246,406</b>	<b>25,057,379</b>	<b>-</b>	<b>-</b>	<b>25,057,379</b>
<b>Change in Net Assets</b>	<b>(1,159,063)</b>	<b>(415,860)</b>	<b>-</b>	<b>(1,574,923)</b>	<b>153,120</b>	<b>61,857</b>	<b>-</b>	<b>214,977</b>
<b>Net Assets, beginning of year</b>	<b>37,843,147</b>	<b>6,346,014</b>	<b>1,044,492</b>	<b>45,233,653</b>	<b>37,690,027</b>	<b>6,284,157</b>	<b>1,044,492</b>	<b>45,018,676</b>
<b>Net Assets, end of year</b>	<b>\$ 36,684,084</b>	<b>\$ 5,930,154</b>	<b>\$ 1,044,492</b>	<b>\$ 43,658,730</b>	<b>\$ 37,843,147</b>	<b>\$ 6,346,014</b>	<b>\$ 1,044,492</b>	<b>\$ 45,233,653</b>

*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, 2018

	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	\$ 628,540	\$ 1,127,697	\$ 4,069,175	\$ 2,015,550	\$ 1,719,345	\$ 172,073	\$ 229,863	\$ 9,962,243	\$ 2,326,074	\$ 466,416	\$ 12,754,733
Employee medical	40,854	25,223	267,277	73,713	72,317	10,092	6,012	495,488	288,457	31,394	815,339
Employee retirement	9,114	8,265	38,224	12,015	13,486	2,485	1,203	84,792	51,522	9,570	145,884
Workers' compensation insurance	8,599	13,205	63,461	27,339	23,609	2,512	1,220	139,945	60,238	6,497	206,680
Payroll taxes	46,714	87,518	315,202	156,987	123,306	13,254	20,264	763,245	136,590	34,278	934,113
Contract fees	277,201	277,658	588,765	277,467	209,600	36,684	58,836	1,726,211	493,206	34,546	2,253,963
Supplies	157,486	247,295	741,173	326,456	1,240,315	55,705	42,648	2,811,078	227,611	144,319	3,183,008
Telephone	2,913	2,924	18,535	10,346	66,388	1,778	619	103,503	40,214	2,754	146,471
Postage	8,325	12,066	3,923	4,824	18,533	-	-	47,671	21,553	17,031	86,255
Occupancy	1,627	3,230	38,236	1,850	212	-	-	45,155	55,997	9	101,161
Utilities	29,580	39,559	85,802	107,305	132,475	1,894	947	397,562	66,067	316	463,945
Transportation	26,524	161,739	165,876	64,278	308,797	674	787	728,675	18,138	973	747,786
Conferences	11,938	936	16,957	14,699	-	-	-	44,530	25,264	971	70,765
Printing	42,995	19,069	13,810	30,794	27,611	310	856	135,445	42,340	26,086	203,871
Interest	-	-	-	409	-	-	-	409	18,021	-	18,430
Bank fees	12,392	79,068	174,076	51,246	161,923	2,676	1,583	482,964	27,742	1,102	511,808
Building and equipment maintenance	83,576	75,858	296,095	325,087	647,781	4,445	2,222	1,435,064	50,985	2,398	1,488,447
Insurance	24,786	68,104	74,933	97,990	114,164	1,729	865	382,571	61,402	288	444,261
National dues	600	-	-	-	4,029	-	-	4,629	125,299	-	129,928
Advertising	8,180	25,485	26,978	1,932	26,338	152	300	89,365	53,092	21,345	163,802
Bad debt	160	1,021	2,248	662	2,091	35	20	6,237	51	14	6,302
Staff development	7,878	5,481	41,625	6,832	655	-	-	62,471	19,286	5,698	87,455
Miscellaneous	16,216	(113)	16,269	16,879	1,939	-	-	51,190	197,035	1,367	249,592
Depreciation, amortization, and loss on disposal of assets	83,661	166,328	336,225	585,689	550,680	1,939	14,170	1,738,692	293,715	-	2,032,407
<b>Total</b>	<b>\$ 1,529,859</b>	<b>\$ 2,447,616</b>	<b>\$ 7,394,865</b>	<b>\$ 4,210,349</b>	<b>\$ 5,465,594</b>	<b>\$ 308,437</b>	<b>\$ 382,415</b>	<b>\$ 21,739,135</b>	<b>\$ 4,699,899</b>	<b>\$ 807,372</b>	<b>\$ 27,246,406</b>

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, 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
<b>Total</b>	<b>\$ 1,417,567</b>	<b>\$ 2,241,032</b>	<b>\$ 6,561,418</b>	<b>\$3,775,943</b>	<b>\$5,024,204</b>	<b>\$ 308,053</b>	<b>\$ 335,516</b>	<b>\$ 19,663,733</b>	<b>\$4,604,047</b>	<b>\$ 789,599</b>	<b>\$ 25,057,379</b>

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

<i>Year ended August 31,</i>	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,574,923)	\$ 214,977
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,989,534	1,919,982
Realized and unrealized gain from investments	(70,744)	(370,137)
Loss on disposal of property and equipment	49,707	31,326
Change in discount and allowance on pledges receivable	43,176	8,194
Changes in assets and liabilities:		
Decrease in receivables	66,392	82,559
Decrease (increase) in prepaid expenses	49,422	(76,443)
Increase (decrease) in accounts payable	436,110	(352,798)
Increase in accrued vacation	14,016	11,864
Increase in deferred pension contributions	23,417	20,917
Increase in deferred revenue	719,753	310,809
<b>Total adjustments</b>	<b>3,320,783</b>	<b>1,586,273</b>
<b>Net cash and cash equivalents provided by operating activities</b>	<b>1,745,860</b>	<b>1,801,250</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(945,047)	(1,498,137)
Proceeds from disposal of property and equipment, net	1,100	3,100
Purchases of investments	(1,660,602)	(2,430,458)
Proceeds from sale of investments	2,088,371	2,084,657
<b>Net cash and cash equivalents used in investing activities</b>	<b>(516,178)</b>	<b>(1,840,838)</b>

# Marcus Jewish Community Center of Atlanta, Inc.

## Statements of Cash Flows

<i>Year ended August 31,</i>	2018	2017
<b>Cash Flows from Financing Activities</b>		
Principal payments on debt	(200,000)	(200,000)
Collection of capital campaign contributions	61,059	461,899
Principal payments on capital lease obligation	(36,409)	(48,269)
Net cash and cash equivalents (used in) provided by financing activities	(175,350)	213,630
<b>Change in Cash and Cash Equivalents</b>	<b>1,054,332</b>	<b>174,042</b>
Cash and Cash Equivalents, beginning of year	3,372,608	3,198,566
Cash and Cash Equivalents, end of year	\$ 4,426,940	\$ 3,372,608
<b>Supplemental Cash Flow Disclosure</b>		
Total cash paid for interest	\$ 4,539	\$ 4,628
Capital lease obligations acquired	\$ 58,306	\$ -

*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

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### 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 financial statements included 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 at the time of dissolution. As a result, the financial statements are no longer presented on a combined basis.

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*."

### Recently Adopted Accounting Standards

The FASB issued ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for investments in Certain Entities That Calculate Net Asset Value per Share". ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for these investments. The guidance became effective for fiscal years beginning after December 15, 2016 and should be applied retrospectively. As a result, the investments measured at net asset value as a practical expedient as of August 31, 2018 were removed from the fair value leveling table.

### 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, 2018 or 2017.

### 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 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 3.8% and 2.8% as of August 31, 2018 and 2017) of their estimated future cash flows.

# Marcus Jewish Community Center of Atlanta, Inc.

## Organization and Summary of Significant Accounting Policies

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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 statements of activities. Certain costs have been allocated among the programs and supporting services benefited and are presented in the 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.

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

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**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: 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: 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, 2018 are identified in the following table:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Fixed income	\$ 3,334,334	\$ -	\$ 171,502	\$ 3,505,836
Total Investments Measured at NAV*				8,313,661
				<b>\$ 11,819,497</b>

The fair value measurements of investment securities at August 31, 2017 are identified in the following table:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Fixed income	\$ 4,398,105	\$ -	\$ 100,662	\$ 4,498,767
Partnerships	-	585,225	-	585,225
Total Investments Measured at NAV*				7,092,529
				<b>\$ 12,176,521</b>

\* Certain investments that are measured at fair value using the 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 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.



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

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Changes in Level 3 net assets for the fiscal year ended August 31, 2018 were:

Beginning balance	\$ 100,662
Investment gains	-
Purchases, sales, and transfers, net	70,840
<hr/>	
Ending balance	\$ 171,502

Changes in Level 3 net assets for the fiscal year ended August 31, 2017 were:

Beginning balance	\$ 75,390
Investment gains	1,037
Purchases, sales, and transfers, net	24,235
<hr/>	
Ending balance	\$ 100,662

In fiscal year 2017, 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 \$7,584,401, are included in total investments measured at NAV 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, 2018 or 2017.

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 2018 and 2017 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, 2018 through the date the financial statements were available for issuance at December 7, 2018.

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

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### 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 \$4,159,574 and \$3,114,447 as of August 31, 2018 and 2017 respectively. The cash balance in interest-bearing accounts at August 31, 2018 and 2017 includes \$189,353 and \$382,596 attributable to capital campaign contributions, which will be used to pay the remaining note payable attributable to the capital campaign. Balances are maintained at high-quality financial institutions, and management considers credit risk limited.

As of fiscal year-end, \$300,000 of surplus cash was reclassified to board designated funds. The cash was transferred subsequent to fiscal year-end.

### 2. Pledges Receivable

Pledges receivable are derived from many sources including individuals, corporations and not-for-profit organizations. The Center had pledges receivable of \$1,018,322 from the JFGA at August 31, 2018. During the year ended August 31, 2018 the JFGA made a pledge of \$1,221,326 to the Center and paid advances of \$203,554 on the pledge. These pledges have been recorded as temporarily restricted support.

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.

Total pledges receivable as of August 31, 2018 are as follows:

	<i>Amount</i>
Receivable in less than a year	\$ 1,053,364
Receivable in one to five years	2,489
Total pledges receivable	1,055,853
Less discounts to net present value	(91)
Less allowance for uncollectible pledges	(27,532)
Net pledges receivable	\$ 1,028,230

### 3. Accounts Receivable

Accounts receivable of \$154,748 and \$179,674 at August 31, 2018 and 2017, respectively, are shown net of allowance for doubtful accounts of \$37,215 and \$33,427, 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, 2018, investments of \$8,480,163

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

(\$1,156,546 is a component of the endowment) are in a pooled fund consisting of 66% domestic equities, 0% international equities, 31% fixed income funds, and 3% alternative investments which are recorded at market value as reported by the JFGA. In addition, the Center has \$3,339,334 (\$50,645 is 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, 2018 and 2017:

2018	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 162,698	\$ 1,044,492	\$ 1,207,190
Board-designated funds	6,619,886	-	-	6,619,886
<b>Total Funds</b>	<b>\$ 6,619,886</b>	<b>\$ 162,698</b>	<b>\$ 1,044,492</b>	<b>\$ 7,827,076</b>

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

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

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

Changes in endowment net assets for the fiscal year ended August 31, 2018:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 6,537,020	\$ 185,808	\$ 1,044,492	\$ 7,767,320
Investment income	96,757	27,044	-	123,801
Other changes:				
Fund reclassifications	-	2,905	-	2,905
Contributions and additions	-	6,050	-	6,050
Appropriation of funds	(13,891)	(59,108)	-	(72,999)
Change in fund restriction	-	-	-	-
<b>Total Funds</b>	<b>\$ 6,619,886</b>	<b>\$ 162,699</b>	<b>\$ 1,044,492</b>	<b>\$ 7,827,077</b>

Changes in endowment net assets for the fiscal year ended August 31, 2017:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
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	-	-	-	-
<b>Total Funds</b>	<b>\$ 6,537,020</b>	<b>\$ 185,810</b>	<b>\$ 1,044,492</b>	<b>\$ 7,767,322</b>

### *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

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

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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 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 \$3,339,334 and \$4,403,105 includes \$50,645 and \$50,601 of endowment funds as of August 31, 2018 and 2017, respectively, which were held at a financial institution in predominately fixed income securities.

Investments held by the JFGA on the Center's behalf of \$8,480,163 and \$7,188,192 includes \$1,156,546 and \$1,179,701 of endowments as of August 31, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Dividends and interest	\$ 16,832	\$ 33,077
Net realized and unrealized gains	157,439	370,137
Total investment income	\$ 174,271	\$ 403,214

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

### 6. Property and Equipment

Property and equipment at August 31, 2018 and 2017 are as follows:

	2018	2017
Land	\$ 921,396	\$ 921,396
Building and improvements	46,803,026	46,234,700
Furniture, equipment and software	6,551,202	6,423,134
Leasehold improvements	114,001	114,001
Vehicles	381,212	371,463
Construction in Progress	822,757	634,271
<b>Total</b>	<b>55,593,594</b>	<b>54,698,965</b>
Less accumulated depreciation	(24,854,236)	(22,922,619)
<b>Property and equipment, net</b>	<b>\$ 30,739,358</b>	<b>\$ 31,776,346</b>

### 7. Notes Payable

As of August 31, 2018 and 2017, the Center had the following notes payable outstanding:

	2018	2017
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.	\$ 150,000	\$ 350,000
Less current maturities	150,000	200,000
<b>Total notes payable, long-term</b>	<b>\$ -</b>	<b>\$ 150,000</b>

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 July 1, 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, 2018 and 2017 with respect to the line-of-credit and capital leases was \$4,539 and \$4,628, respectively.

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

	Amount
2019	\$ 150,000
Thereafter	-
	<b>\$ 150,000</b>

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

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### 8. Line-of-Credit

At August 31, 2018 and 2017, 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% per annum in both 2018 and 2017 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 March 26, 2020 and contains various restrictive covenants. In fiscal year 2018, 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 \$108,112 and \$98,939 for fiscal years 2018 and 2017 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 2018 and 2017 was insignificant.

### 10. Capital Leases

The Center routinely leases equipment under capital lease agreements. During the current fiscal year, the Center leased equipment valued at \$58,306 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, 2018:

	Amount
2019	\$ 34,729
2020	29,069
2021	7,261
2022	4,776
2023	3,184
Total	79,019
Less amount representing interest	(10,390)
Present value of net minimum capital lease payments	\$ 68,629

At August 31, 2018 and 2017, the leased equipment had a recorded cost of \$469,222 and \$428,453 and related accumulated depreciation of \$306,560 and \$263,942, 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.

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

### 12. Restricted Net Assets

Permanently restricted net assets as of August 31, 2018 and 2017 are detailed as follows:

	2018	2017
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



# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to 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, 2018 and 2017 are available for the following purposes or periods:

	2018	2017
MJCCA - Major Repair & Refurbishment	\$ 1,214,027	\$ 1,255,427
JFGA Grant	1,025,272	1,122,904
Lisa F. Brill Institute for Jewish Learning	873,811	904,003
Harvey Shulman Memorial Scholarship Fund	630,745	652,238
Besser Holocaust Memorial Pavilion Fund	390,075	480,642
Capital Campaign Reserve Fund	365,328	202,610
Garrett Van De Grift Scholarship Fund	195,775	202,633
Capital Campaign - Framework for Our Future	195,597	195,597
Angels Camp Scholarships	149,648	147,344
Other	130,034	131,511
Lisa F. Brill Ethical Start Scholarship Fund	129,793	133,748
E&S Parks Fund for Adult Ed/Cultural Arts	81,055	84,054
Security Fund	71,958	38,886
Miracle Makers grant	71,110	121,110
Barbara & Ivan Friedland Scholarship Fund	60,237	56,003
Software upgrade	55,605	55,552
Stanley Tenenbaum Family Fitness Fund	51,140	52,740
Rice Weinstein Scholarship Fund	42,784	42,293
Laura Zaban Dinerman Fund	39,870	40,782
The Community Foundation - Grants to Green	38,334	-
Goizueta Foundation Scholarship Fund	24,272	37,184
Sophie Hirsh Srochi Children's Museum	22,601	20,747
Blonder Family - Developmental Disabilities	22,490	42,678
Blonder IAE for Adult Education	15,958	16,765
Maccabi Games 2019	9,983	100,000
Herbert H. Zwerner & Grace Zwerner Fund for Early Childhood Services	9,796	10,396
Orkin Center Endowment Fund	9,016	13,292
Pete Morris Musical Theater	8,942	9,305
Debra "Debbie" Sonenshine Special Needs Scholarship & Subsidy Fund	8,865	8,986
The Ron Brill Symposium	7,575	12,095
Debra "Debbie" Sonenshine S.O.A.R. Fund	5,710	5,427
Atlanta Jewish Teen Initiative	370	219,861
Present value discount - long-term pledges	(91)	(1,093)
Allowance for doubtful pledges	(27,531)	(69,706)
<b>Total temporarily restricted net assets</b>	<b>\$ 5,930,154</b>	<b>\$ 6,346,014</b>

# Marcus Jewish Community Center of Atlanta, Inc.

## Notes to Financial Statements

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

	2018	2017
Board Designated Operating	\$ 6,565,386	\$ 6,482,624
EZ Community Bridge Builders Award	17,718	17,659
S. Sacks	16,552	16,514
H&PE Funds	14,745	14,738
Benator ECE	5,073	5,073
Other	412	412
Total board designated net assets	\$ 6,619,886	\$ 6,537,020