Marcus Jewish Community Center of Atlanta, Inc.

Financial Statements
Years Ended August 31, 2019 and 2018

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Contents

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in the Organization and Summary of Significant Accounting Policies of the financial statements, in the year ended August 31, 2019 Marcus Jewish Community Center of Atlanta, Inc. adopted new accounting guidance Financial Accounting Standards Board Accounting Standard Update 2016-14, *Not-for-Profit entities* (Topic 958): Presentation of Financial Statements of *Not-for-Profit Entities* ("ASU 2016-14"). Our opinion is not modified with respect to this matter.

BDO USA, LLP

Atlanta, Georgia
December 6, 2019

Financial Statements

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Financial Position

August 31,	**2019**	2018
Assets		
Current Assets		
Cash and cash equivalents	**$ 3,372,497**	$ 4,426,940
Pledges receivable, net of allowance of $7,277 and $25,134	**993,828**	1,028,230
Accounts receivable, net of allowance of $51,566 and $37,215	**137,062**	154,748
Prepaid expenses	**323,509**	317,392
Total Current Assets	**4,826,896**	5,927,310
Investments		
Investments held at the Jewish Federation of Greater Atlanta	**10,877,527**	8,480,163
Investments - other	**1,219,292**	3,339,334
Total Investments	**12,096,819**	11,819,497
Property and Equipment, Net	**30,098,271**	30,739,358
	$ 47,021,986	$ 48,486,165

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Financial Position

August 31,	**2019**	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	**$ 1,941,783**	$ 1,798,137
Deferred revenue	**1,932,517**	2,476,671
Accrued vacation	**266,066**	249,657
Current portion of notes payable	**-**	150,000
Current portion of capital lease obligation	**84,081**	29,986
Total Current Liabilities	**4,224,447**	4,704,451
Long-Term Liabilities		
Deferred pension contributions	**112,519**	80,993
Capital lease obligation	**111,705**	38,643
Deferred contribution deposits	**3,348**	3,348
Total Long-Term Liabilities	**227,572**	122,984
Total Liabilities	**4,452,019**	4,827,435
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**35,824,021**	36,684,084
With donor restrictions	**6,745,946**	6,974,646
Total Net Assets	**42,569,967**	43,658,730
	$ 47,021,986	$ 48,486,165

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,

	2019			2018		
	Without Donor Restrictions	*With Donor Restriections*	***Total***	*Without Donor Restrictions*	*With Donor Restriections*	*Total*
Revenues, Public and Other						
Support						
Grants and awards	$ 434,965	$ 1,557,128	**$ 1,992,093**	$ 368,826	$ 1,689,312	$ 2,058,138
Contributions	3,311,055	161,876	**3,472,931**	1,983,707	239,208	2,222,915
Membership dues	3,097,853	-	**3,097,853**	2,979,270	-	2,979,270
Program revenues	18,964,448	-	**18,964,448**	17,580,131	-	17,580,131
Investment income, net	214,113	82,047	**296,160**	99,997	74,274	174,271
Loss on sale of investment	-	-	**-**	(86,694)	-	(86,694)
Other	628,494	-	**628,494**	743,452	-	743,452
Total revenues, public and other support	26,650,928	1,801,051	**28,451,979**	23,668,689	2,002,794	25,671,483
Net Assets Released from Restrictions	2,029,751	(2,029,751)	**-**	2,418,654	(2,418,654)	-
Expenses						
Program	24,192,528	-	**24,192,528**	21,739,135	-	21,739,135
Management and general	4,367,582	-	**4,367,582**	4,699,899	-	4,699,899
Fundraising	980,632	-	**980,632**	807,372	-	807,372
Total expenses	29,540,742	-	**29,540,742**	27,246,406	-	27,246,406
Change in Net Assets	(860,063)	(228,700)	**(1,088,763)**	(1,159,063)	(415,860)	(1,574,923)
Net Assets, beginning of year	36,684,084	6,974,646	**43,658,730**	37,843,147	7,390,506	45,233,653
Net Assets, end of year	$ 35,824,021	$ 6,745,946	**$42,569,967**	$ 36,684,084	$ 6,974,646	$ 43,658,730

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, 2019

	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	$ 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 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
Total	$ 1,529,859	$ 2,447,616	$ 7,394,865	$ 4,210,349	$ 5,465,594	$ 308,437	$ 382,415	$ 21,739,135	$ 4,699,899	$ 807,372	$ 27,246,406

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,	**2019**	2018
Cash Flows from Operating Activities		
Change in net assets	**$ (1,088,763)**	$ (1,574,923)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**2,076,299**	1,989,534
Realized and unrealized gain from investments	**(237,236)**	(70,744)
Loss on disposal of property and equipment	**39,596**	49,707
Change in discount and allowance on pledges receivable	**20,346**	43,176
Changes in assets and liabilities:		
Decrease in receivables	**31,742**	66,392
(Increase) decrease in prepaid expenses	**(6,117)**	49,422
Increase in accounts payable	**143,646**	436,110
Increase in accrued vacation	**16,409**	14,016
Increase in deferred pension contributions	**30,712**	23,417
(Decrease) increase in deferred revenue	**(544,154)**	719,753
Total adjustments	1,571,243	3,320,783
Net cash and cash equivalents provided by operating activities	482,480	1,745,860
Cash Flows from Investing Activities		
Purchases of property and equipment	**(1,277,328)**	(945,047)
Proceeds from disposal of property and equipment, net	**1,316**	1,100
Purchases of investments	**(2,574,842)**	(1,660,602)
Proceeds from sale of investments	**2,534,756**	2,088,371
Net cash and cash equivalents used in investing activities	(1,316,098)	(516,178)

Marcus Jewish Community Center of Atlanta, Inc.

Statements of Cash Flows

Year ended August 31,	**2019**	2018
Cash Flows from Financing Activities		
Principal payments on debt	**(150,000)**	(200,000)
Collection of capital campaign contributions	**-**	61,059
Principal payments on capital lease obligation	**(70,825)**	(36,409)
Net cash and cash equivalents (used in) provided by financing activities	(220,825)	(175,350)
Change in Cash and Cash Equivalents	**(1,054,443)**	1,054,332
Cash and Cash Equivalents, beginning of year	**4,426,940**	3,372,608
Cash and Cash Equivalents, end of year	$ 3,372,497	$ 4,426,940
Supplemental Cash Flow Disclosure		
Total cash paid for interest	**$ 8,833**	$ 4,539
Capital lease obligations acquired	**$ 198,796**	$ 58,306

See accompanying organization and summary of significant accounting policies and notes to 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").

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 was required to be applied retrospectively. As a result, the investments measured at net asset value as a practical expedient as of August 31, 2019 and 2018 were removed from the fair value leveling table.

During the year ended August 31, 2019, the Center adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of financial statements of Not-for-profit entities ("ASU 2016-14").* The amendments in this ASU are intended to improve financial statement presentation by not-for-profit ("NFP") organizations. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity, and availability of resources as well as presentation of operating cash flows. In order to simplify the presentation, the new guidance requires NFPs to present on the face of the statement of financial position, the amount for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions as opposed to the former presentation of three. This ASU's guidance has been applied retrospectively in the comparative statements.

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 ("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, 2019 or 2018.

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 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 (based on a discount rate of 3.7% and 3.8% as of August 31, 2019 and 2018) 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 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.

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 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, 2019 are identified in the following table:

	Level 1	*Level 2*	*Level 3*	*Total*
Fixed income	$1,217,847	$ -	$302,403	$ 1,520,250
Total Investments Measured at NAV*	-	-	-	10,576,569
	$ -	$ -	$ -	$12,096,819

The fair value measurements of investment securities at August 31, 2018 are identified in the following table:

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

* 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 theses 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.

Changes in Level 3 net assets for the fiscal year ended August 31, 2019 were:

Beginning balance	$ 171,502
Investment gains	-
Purchases, sales, and transfers, net	130,901
Ending balance	$ 302,403

There were no transfers in or out of Level 1, Level 2 or Level 3 categories during the years ended August 31, 2019 or 2018.

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 2019 and 2018 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.

Net Assets

Net assets with donor restrictions are restricted for specified programs as set forth in donor agreements. Amounts are subject to the Center’s spending policy and appropriation. The MJCCA Board of Directors has designated from net assets without donor restrictions $6,627,039 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 which earn approximately 2%.

To help manage unanticipated liquidity needs, the MJCCA has a committed line-of-credit in the amount of $2 million which it could draw upon. This has not been necessary in 2019 and 2018. Although the Center does not intend to spend from its Board-designated funds (quasi-endowment of $6,627,039) other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

The MJCCA's endowment funds consist of donor-restricted and quasi-endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 4, restricted funds as well as a Board-approved portion of the quasi-endowments have a spending rate of 5% of a three-year average. Approximately $144,000 of appropriations from quasi-endowment are expected to be available within the next 12 months.

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 balance sheet date for general expenditure are as follows:

August 31,	**2019**	2018
Cash and cash equivalents	**$ 3,372,497**	$ 4,426,940
Pledges receivable, net	**993,828**	1,028,230
Accounts receivable, net	**137,062**	154,748
Total	**$ 4,503,387**	$ 5,609,918

Subsequent Events

The Center has determined that no material events took place after the balance sheet date of August 31, 2019 through the date the financial statements were available for issuance at December 6, 2019.

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 $3,105,316 and $4,159,574 as of August 31, 2019 and 2018 respectively. The cash balance in interest-bearing accounts at August 31, 2019 and 2018 includes $0 and $189,353 attributable to capital campaign contributions, which have been 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 2018, $300,000 of surplus cash was reclassified to board designated funds. The cash was transferred during fiscal year 2019.

2. Pledges Receivable

Pledges receivable are derived from many sources including individuals, corporations and not-for-profit organizations. The Center had pledges receivable of $993,828 and $1,018,322 from the JFGA at August 31,2019 and 2018. During the year ended August 31, 2019 the JFGA made a pledge of $1,191,933 to the Center and paid advances of $198,656 on the pledge. These pledges have been recorded as support with donor restrictions.

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.

Total pledges receivable as of August 31, 2019 are as follows:

	Amount
Receivable in less than a year	$ 1,001,105
Receivable in one to five years	-
Total pledges receivable	1,001,105
Less discounts to net present value	-
Less allowance for uncollectible pledges	(7,277)
Net pledges receivable	$ 993,828

3. Accounts Receivable

Accounts receivable of $137,062 and $154,748 at August 31, 2019 and 2018, respectively, are shown net of allowance for doubtful accounts of $51,656 and $37,215, 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, 2019, investments of $10,877,527 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 $1,160,334 endowment funds and $5,596,328 Board designated funds. In addition, the Center has $1,219,292 in predominately fixed income securities at a financial institution, which includes $53,031 endowment funds and $1,030,711 Board-designated funds.

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:

1. The duration and preservation of the fund;
2. The purposes of the Center and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Center; and
7. The investment policies of the Center.

Endowment net assets composition by type of fund as of August 31, 2019 and 2018:

2019	*Unrestricted*	*With Donor Restrictions (Time or Purpose)*	*With Donor Restrictions (In Perpretuity)*	*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

2018	*Unrestricted*	*With Donor Restrictions (Time or Purpose)*	*With Donor Restrictions (In Perpetuity)*	*Total*
Donor-restricted endowment funds	$ -	$ 162,698	$ 1,044,492	$ 1,207,190
Board-designated funds	6,619,886	-	-	6,619,886
Total Funds	$ 6,619,886	$ 162,698	$ 1,044,492	$ 7,827,076

Changes in endowment net assets for the fiscal year ended 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 reclassifications	-	13,090	-	13,090
Contributions and additions	-	-	-	-
Appropriation of funds	(165,781)	(32,141)	-	(197,922)
Change in fund restriction	-	-	-	-
Total Funds	$ 6,627,039	$ 168,873	$ 1,044,492	$7,840,404

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

	Unrestricted	*With Donor Restrictions (Time or Purpose)*	*With Donor Restrictions (In Perpetuity)*	*Total*
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	-	-	-	-
Total Funds	$ 6,619,886	$ 162,699	$ 1,044,492	$ 7,827,077

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. Deficiencies of this nature exist in two funds with donor-restricted amounts totaling $20,000. As of August 31, 2019, the funds total $19,792 which includes a deficit of $208. The Center does not spend from underwater endowment funds. Under ASU 2016-14, the aggregate amount by which funds are underwater (deficiencies) are classified as part of net assets with donor restrictions.

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 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 five percent of its endowment fund's average fair value, which is based on a rolling quarterly average of the 3-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 $1,219,292 and $3,339,334 includes $53,031 and $50,645 of endowment funds as of August 31, 2019 and 2018, respectively, as well as $1,030,711 and $3,178,927 of Board designated funds as of August 31, 2019 and 2018, 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 $10,877,527 and $8,480,163 includes $1,160,334 and $1,156,546 of endowments as of August 31, 2019 and 2018, respectively. The JFGA investments also include $5,596,328 and $3,440,959 of Board designated funds as of August 31, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Dividends and interest	**$ 58,959**	$ 16,832
Net realized and unrealized gains	**237,201**	157,439
Total investment income	**$ 296,160**	$ 174,271

6. Property and Equipment

Property and equipment at August 31, 2019 and 2018 are as follows:

	2019	2018
Land	**$ 921,396**	$ 921,396
Building and improvements	**47,791,538**	46,803,026
Furniture, equipment and software	**6,886,963**	6,551,202
Leasehold improvements	**114,001**	114,001
Vehicles	**411,767**	381,212
Construction in Progress	**666,018**	822,757
Total	**56,791,683**	55,593,594
Less accumulated depreciation	**(26,693,412)**	(24,854,236)
Property and equipment, net	**$ 30,098,271**	$ 30,739,358

7. Notes Payable

As of August 31, 2019 and 2018, the Center had the following notes payable outstanding:

	2019	2018
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 was retired in January 2019.	**$ -**	$ 150,000
Less current maturities	**-**	150,000
Total notes payable, long-term	**$ -**	$ -

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. Upon retirement of the loan in January 2019, the Letter of Credit was also terminated.

The loan from The Avi Chai Foundation was 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, 2019 and 2018 with respect to the line-of-credit and capital leases was $8,833 and $4,539, respectively.

8. Line-of-Credit

At August 31, 2019 and 2018, 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 2019 and 2018 although the 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 2019, 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 $105,393 and $108,112 for fiscal years 2019 and 2018 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 2019 and 2018 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 $198,796 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, 2019:

	Amount
2020	$ 90,686
2021	68,876
2022	39,883
2023	10,161
2024	-
Total	209,606
Less amount representing interest	(13,006)
Present value of net minimum capital lease payments	$ 196,600

At August 31, 2019 and 2018, the leased equipment had a recorded cost of $604,151 and $469,222 and related accumulated depreciation of $348,299 and $306,560, 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. Net Assets with Donor Restrictions

Net assets with donor restrictions as of August 31, 2019 and 2018 are detailed as follows:

Year ended August 31,	**2019**	2018
Net Assets with Donor Restrictions (Time or Purpose)		
MJCCA - Major Repair & Refurbishment	**$ 1,171,192**	$ 1,214,027
JFGA Grant	**1,000,771**	1,025,272
Lisa F. Brill Institute for Jewish Learning	**842,411**	873,811
Harvey Shulman Memorial Scholarship Fund	**608,467**	630,745
Capital Campaign Reserve Fund	**418,998**	365,328
Besser Holocaust Memorial Pavilion Fund	**396,388**	390,075
Other	**266,590**	249,831
Garrett Van De Grift Scholarship Fund	**188,707**	195,775
Angels Camp Scholarships	**151,997**	149,648
Brill, Lisa F. - Fund for Preschool Teacher Professional Development	**125,319**	129,793
Security Fund	**96,509**	71,958
E&S Parks Fund for Adult Ed/Cultural Arts	**78,006**	81,055
Barbara & Ivan Friedland Scholarship Fund	**64,093**	60,237
Software upgrade	**56,222**	55,605
Stanley Tenenbaum Family Fitness Fund	**49,812**	51,140
Rice Weinstein Scholarship Fund	**43,304**	42,784
Laura Zaban Dinerman Fund	**41,817**	39,870
Goizueta Foundation Scholarship Fund	**27,552**	24,272
Sophie Hirsh Srochi Children's Museum	**15,577**	22,601
Blonder IAE for Adult Education	**15,190**	15,958
Herbert H. Zwerner & Grace Zwerner Fund for Early Childhood Services	**9,245**	9,796
Pete Morris Musical Theater	**9,151**	8,942
Orkin Center Endowment Fund	**8,692**	9,016
Debra "Debbie" Sonenshine Special Needs Scholarship & Subsidy Fund	**7,438**	8,865
Debra "Debbie" Sonenshine S.O.A.R. Fund	**6,983**	5,710
The Ron Brill Symposium	**6,024**	7,575
Blonder Family - Developmental Disabilities	**2,278**	22,490
Capital Campaign - Framework for Our Future	**-**	195,597
Present value discount - long-term pledges	**-**	(91)
Allowance for doubtful pledges	**(7,277)**	(27,531)
Total net assets with donor restrictions (time or purpose)	**5,701,454**	5,930,154

Year ended August 31,	**2019**	2018
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	**$ 6,745,946**	$ 6,974,646

13. Net Assets without Donor Restrictions

	2019	2018
Undesignated	**$ 29,196,982**	$ 30,064,198
Board Designated Operating	**6,572,304**	6,565,386
EZ Community Bridge Builders Award	**17,819**	17,718
S. Sacks	**16,634**	16,552
H&PE Funds	**14,797**	14,745
Benator ECE	**5,073**	5,073
Other	**412**	412
Total	**$ 35,824,021**	$ 36,684,084

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