

**JCC OF CENTRAL NEW JERSEY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2015**

JCC OF CENTRAL NEW JERSEY, INC.

AUGUST 31, 2015

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## Independent Auditors' Report

Board of Directors  
JCC of Central New Jersey, Inc.  
Scotch Plains, New Jersey

We have audited the accompanying financial statements of the JCC of Central New Jersey, Inc. (a non-profit entity), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, functional expense and cash flows for the year 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 audit. We conducted our audit 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 the JCC of Central New Jersey, Inc. as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the JCC of Central New Jersey, Inc.'s 2014 financial statements, and our report dated April 2, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Ketcham & Tupper, LLC*

Westfield, New Jersey  
March 21, 2016

**JCC OF CENTRAL NEW JERSEY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**AUGUST 31, 2015**

**with comparative amounts for 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>ASSETS</u></b>		
<b><u>Assets</u></b>		
Cash and cash equivalents	261,659	458,971
Investments	685,336	694,887
Accounts and grants receivable (less allowance for doubtful accounts of \$21,538 for 2015 and 2014)	89,677	74,268
Pledges receivable (less allowance for doubtful accounts of \$5,000 for 2015 and 2014)	124,041	78,476
Prepaid expenses	77,827	49,979
Property and equipment	<u>6,590,635</u>	<u>6,098,668</u>
<b>Total Assets</b>	<b><u>7,829,175</u></b>	<b><u>7,455,249</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable & accrued expenses	644,126	695,641
Accrued vacation	27,830	28,194
Deferred income	791,609	649,866
Lines of credit	200,000	180,000
Notes payable	375,000	124,598
Capital lease obligations	<u>143,714</u>	<u>21,023</u>
<b>Total Liabilities</b>	<b><u>2,182,280</u></b>	<b><u>1,699,322</u></b>
<b><u>Net Assets</u></b>		
Unrestricted	5,641,548	5,732,938
Temporarily restricted	<u>5,348</u>	<u>22,989</u>
<b>Total Net Assets</b>	<b><u>5,646,896</u></b>	<b><u>5,755,927</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>7,829,175</u></b>	<b><u>7,455,249</u></b>

*See accompanying notes to financial statements*

JCC OF CENTRAL NEW JERSEY, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2015

with comparative amounts for 2014

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<b>Revenue</b>				
Fund-raising events	286,189	-	286,189	317,036
Grants	85,212	-	85,212	73,569
Program income	5,960,896	-	5,960,896	5,729,907
Rental revenue				
Jewish Federation	123,420	-	123,420	142,993
Other rental income	52,690	-	52,690	61,944
Total direct revenue	<u>6,508,407</u>	<u>-</u>	<u>6,508,407</u>	<u>6,325,449</u>
Contributions	339,641	2,750	342,391	219,238
Investment income	(6,673)	-	(6,673)	80,904
Membership dues	1,028,350	-	1,028,350	1,006,168
Jewish Federation	131,720	-	131,720	136,643
United Way	25,255	-	25,255	22,829
Insurance proceeds	-	-	-	2,385
Total indirect revenue	<u>1,518,293</u>	<u>2,750</u>	<u>1,521,043</u>	<u>1,468,168</u>
Total revenue	<u>8,026,700</u>	<u>2,750</u>	<u>8,029,450</u>	<u>7,793,617</u>
<b>Expenses</b>				
Building	688,375	-	688,375	757,466
Management and general	1,632,633	-	1,632,633	1,582,219
Program	<u>5,413,742</u>	<u>-</u>	<u>5,413,742</u>	<u>5,064,624</u>
Total expense	<u>7,734,750</u>	<u>-</u>	<u>7,734,750</u>	<u>7,404,309</u>
<b>Change in net assets from operations</b>	291,950	2,750	294,700	389,308
Satisfaction of usage restrictions	20,391	(20,391)	-	-
Depreciation	<u>(403,731)</u>	<u>-</u>	<u>(403,731)</u>	<u>(386,534)</u>
<b>Change in net assets</b>	(91,390)	(17,641)	(109,031)	2,774
<b>Net assets, September 1</b>	<u>5,732,938</u>	<u>22,989</u>	<u>5,755,927</u>	<u>5,753,153</u>
<b>Net assets, August 31</b>	<u>5,641,548</u>	<u>5,348</u>	<u>5,646,896</u>	<u>5,755,927</u>

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from support and fees	7,994,670	7,677,596
Cash paid to employees	(3,608,000)	(3,348,089)
Interest and dividends received	13,876	15,615
Cash paid for operating expenses	<u>(4,084,253)</u>	<u>(3,930,003)</u>
Net cash provided by operating activities	<u>316,293</u>	<u>415,119</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from lines of credit	470,000	505,000
Principal repayments of lines of credit	(450,000)	(465,000)
Proceeds from notes payable	485,000	-
Principal repayments of notes payable	(234,598)	(110,712)
Proceeds from capital lease obligation	144,993	23,800
Principal repayments of capital lease obligation	<u>(22,303)</u>	<u>(3,499)</u>
Net cash provided by (used in) financing activities	<u>393,092</u>	<u>(50,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(895,698)	(255,509)
Proceeds from insurance recovery	-	2,385
Purchase of investments	(10,999)	(12,685)
Proceeds from sale of investments	<u>-</u>	<u>25,000</u>
Net cash (used in) investing activities	<u>(906,697)</u>	<u>(240,089)</u>
CASH (DECREASE)INCREASE DURING YEAR	(197,312)	123,619
CASH, BEGINNING OF YEAR	<u>458,971</u>	<u>334,352</u>
CASH, END OF YEAR	<u>261,659</u>	<u>458,971</u>
 <u>RECONCILIATION OF ACCRUAL BASIS INCOME TO NET</u>		
<u>CASH PROVIDED BY OPERATIONS</u>		
Change in net assets	(109,031)	2,774
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	403,731	386,534
Proceeds from insurance recovery	-	(2,385)
Loss(Gain) on investments	20,551	(65,289)
(Increase)Decrease in accounts and grants receivable	(15,409)	50,420
(Increase)Decrease in pledges receivable	(45,565)	104,439
(Increase)Decrease in prepaid expenses	(27,848)	11,401
(Decrease) in accounts payable & accrued expenses	(51,515)	(129,439)
(Decrease)Increase in accrued vacation	(364)	6,428
Increase in deferred income	<u>141,743</u>	<u>50,236</u>
Net cash provided by operating activities	<u>316,293</u>	<u>415,119</u>
 Supplementary information:		
Income taxes	<u>0</u>	<u>0</u>
Interest	<u>19,277</u>	<u>14,754</u>

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>NURSERY</u>	<u>DAY CAMP</u>	<u>FAMILY</u>	<u>TEENS</u>	<u>YOUTH</u>	<u>ADULTS</u>	<u>SENIORS</u>	<u>AQUATICS</u>	<u>FITNESS</u>	<u>ATHLETICS</u>	<u>TOTAL PROGRAM</u>	<u>BUILDING</u>	<u>MGMT &amp; GENERAL</u>	<u>MKTNG &amp; DEVELOP</u>	<u>TOTAL</u>
Salaries	1,272,725	835,701	18,216	17,107	191,479	23,544	88,315	207,475	895	27,004	2,682,461	253,397	483,688	188,454	3,608,000
Employee benefits	15,983	11,047	-	717	-	-	-	4,736	-	-	32,483	15,165	69,570	-	117,218
Payroll taxes	94,930	62,400	1,394	1,530	14,555	1,801	6,725	15,846	69	2,064	201,314	19,206	67,201	13,982	301,703
Total	1,383,638	909,148	19,610	19,354	206,034	25,345	95,040	228,057	964	29,068	2,916,258	287,768	620,459	202,436	4,026,921
Advertising & promotion	-	-	-	-	-	-	-	-	-	-	-	-	-	88,111	88,111
Association dues	-	3,450	-	-	-	-	-	1,845	-	-	5,295	127	63,047	100	68,569
Conferences & training	4,164	-	-	-	-	-	2,790	-	-	-	6,954	454	45,907	88	53,403
Contract & service fees	-	-	-	-	-	-	-	-	549,501	-	549,501	41,548	201,944	-	792,993
Food	55,893	82,540	-	-	5,965	-	44,751	-	-	-	189,149	40	(215)	-	188,974
Fundraising	1,040	-	-	-	-	23,902	14,429	1,630	-	-	41,001	-	885	53,948	95,834
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	132,720	-	132,720
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	19,277	-	19,277
Miscellaneous & sundry	430	4,388	-	13	75	30	179	39	2,927	323	8,404	2,267	8,458	22	19,151
Office and printing	-	-	-	-	-	-	-	-	-	-	-	-	44,584	72,342	116,926
Postage	-	-	-	-	-	-	-	-	-	-	-	-	20,703	-	20,703
Professional Fees	-	-	-	-	-	-	-	-	40,000	-	40,000	80	28,839	1,200	70,119
Program expense	153,491	449,411	2,666	30,867	13,818	5,153	16,398	19,509	13,406	64,935	769,654	1,407	-	-	771,061
Repairs & maintenance	-	-	-	-	-	-	-	-	4,725	-	4,725	-	-	-	4,725
Scholarships	20,651	42,480	-	-	3,008	-	-	-	9,949	-	76,052	-	-	-	76,052
Supplies	38,234	47,053	-	21	495	-	-	11,975	5,478	-	103,526	65,611	13,173	-	182,310
Telephone	1,320	2,701	-	550	-	-	-	660	660	-	5,891	1,320	13,670	935	21,816
Transportation	57,775	518,619	-	-	114,665	-	6,273	-	-	-	697,332	-	-	-	697,332
Utilities & occupancy	-	-	-	-	-	-	-	-	-	-	-	287,753	-	-	287,753
Total expense	1,716,600	2,059,790	22,276	50,805	344,060	54,430	179,860	263,715	627,880	94,326	5,413,742	688,375	1,213,451	419,182	7,734,750
Direct income	2,359,112	2,623,574	1,143	40,629	381,970	60,885	98,769	332,153	116,681	121,329	6,136,245	164,315	1,574	206,273	6,508,407
Excess (deficiency)	642,512	563,784	(21,133)	(10,176)	37,910	6,455	(81,091)	68,438	(511,199)	27,003	722,503	(524,060)	(1,211,877)	(212,909)	(1,226,343)



**JCC OF CENTRAL NEW JERSEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

	<u>NURSERY</u>	<u>DAY CAMP</u>	<u>FAMILY</u>	<u>TEENS</u>	<u>YOUTH</u>	<u>ADULTS</u>	<u>SENIORS</u>	<u>AQUATICS</u>	<u>FITNESS</u>	<u>ATHLETICS</u>	<u>TOTAL PROGRAM</u>	<u>BUILDING</u>	<u>MGMT &amp; GENERAL</u>	<u>MKTNG &amp; DEVELOP</u>	<u>TOTAL</u>
Salaries	1,147,382	783,715	13,095	30,273	152,566	24,466	101,413	199,573	60	21,684	2,474,227	259,920	461,998	151,944	3,348,089
Employee benefits	14,139	7,148	-	4,781	5,896	-	-	4,909	-	-	36,873	15,183	63,735	-	115,791
Payroll taxes	86,690	58,970	1,001	2,281	9,599	1,872	7,758	15,220	5	1,659	185,055	19,633	56,456	11,094	272,238
Total	1,248,211	849,833	14,096	37,335	168,061	26,338	109,171	219,702	65	23,343	2,696,155	294,736	582,189	163,038	3,736,118
Advertising & promotion	-	300	1,155	-	-	-	-	-	-	-	1,455	-	-	93,159	94,614
Association dues	-	3,491	-	-	-	-	-	1,200	-	-	4,691	-	61,454	-	66,145
Conferences & training	276	70	490	-	-	33	1,456	-	-	56	2,381	113	44,862	-	47,356
Contract & service fees	-	-	-	-	-	-	-	-	560,271	-	560,271	23,439	199,682	-	783,392
Food	50,021	83,457	-	-	4,906	-	18,422	-	-	-	156,806	-	-	-	156,806
Fundraising	50	-	-	-	-	14,161	6,185	8,462	-	-	28,858	-	589	55,561	85,008
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	133,771	-	133,771
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	13,893	-	13,893
Miscellaneous & sundry	178	1,538	-	-	30	-	13	80	7,842	159	9,840	2,677	10,792	423	23,732
Office and printing	-	-	-	-	-	-	-	-	-	-	-	185	36,854	55,308	92,347
Postage	-	-	-	-	-	-	-	-	-	-	-	-	23,148	-	23,148
Professional Fees	-	-	-	-	-	-	-	-	46,666	-	46,666	13,400	76,664	3,735	140,465
Program expense	148,426	405,303	7,623	28,884	12,634	1,392	26,257	16,430	9,921	49,084	705,954	1,178	190	-	707,322
Repairs & maintenance	-	-	-	-	-	-	-	-	5,212	-	5,212	-	-	-	5,212
Scholarships	10,861	38,158	-	-	2,920	-	-	-	6,445	-	58,384	-	-	-	58,384
Supplies	33,637	45,993	-	380	-	-	-	16,181	10,151	-	106,342	57,139	16,551	-	180,032
Telephone	1,320	2,858	-	210	-	-	342	561	660	-	5,951	1,210	9,696	660	17,517
Transportation	36,571	523,622	-	-	107,056	-	8,409	-	-	-	675,658	-	-	-	675,658
Utilities & occupancy	-	-	-	-	-	-	-	-	-	-	-	363,389	-	-	363,389
Total expense	1,529,551	1,954,623	23,364	66,809	295,607	41,924	170,255	262,616	647,233	72,642	5,064,624	757,466	1,210,335	371,884	7,404,309
Direct income	2,176,278	2,555,108	2,545	37,622	442,813	49,536	94,597	314,132	136,758	88,364	5,897,753	185,313	45	242,338	6,325,449
Excess (deficiency)	646,727	600,485	(20,819)	(29,187)	147,206	7,612	(75,658)	51,516	(510,475)	15,722	833,129	(572,153)	(1,210,290)	(129,546)	(1,078,860)

## JCC OF CENTRAL NEW JERSEY, INC.

### NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

#### **Note 1 - Operations**

The JCC of Central New Jersey, Inc. ("JCC") is a not-for-profit social service agency committed to serving both the Jewish community and the community at large. Our mission is to provide social, recreational, educational, and cultural programs and humanitarian services for individuals and families through all phases of life. We are committed to affirming and strengthening Jewish values, fostering an appreciation of our heritage and identity and nurturing leadership. Our JCC is a dynamic center for Jewish life. We offer a vital and welcoming home away from home for our members and our guests.

With more than 4,000 members and community participants, the JCC is now a vital holistic community center and program provider. The JCC serves over 400 children in the operation of an accredited preschool and full day kindergarten for children aged 18 months to six years and programs for youth that includes after school childcare with homework support and recreational activities. The JCC also provides programs for parents with infants. During the summer, the JCC's day camp provides activities for approximately 850 children, ages 18 months through fourteen years. For adults, there are services ranging from cultural events and educational programs to fitness and wellness classes. The JCC has a fully functioning fitness center and an indoor and outdoor pool. Senior adults are transported to the JCC three days a week for a kosher, communal, nutrition lunch program as well as social and educational activities.

#### **Note 2 - Summary of Significant Accounting Policies**

**a. Method of Accounting** - The financial statements of the JCC have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles. The JCC follows the provisions of Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

**b. Financial Statement Presentation** - The financial statements present information regarding the financial position and activities according to three classes of net assets as follows:

Unrestricted - net assets that are not subject to donor-imposed restrictions.

Temporarily restricted - net assets subject to donor-imposed restrictions that will be met by the passage of time or will be fulfilled by actions of the JCC.

Permanently restricted - net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the JCC.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. During the year ended August 31, 2015, there were no net assets subject to permanent restrictions.

**c. Cash and Cash Equivalents** - The JCC defines cash and cash equivalents as short-term, highly liquid investments with maturities of three months or less.

**d. Fair value of financial instruments** - The JCC follows ASC 820, Fair Value Measurements, which establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of hierarchy under ASC 820 are described as follows:

Level 1 - Quoted price in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing a security, which may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 - Prices determined using significant unobservable inputs. In certain situations where quoted prices or observable inputs are unavailable, unobservable inputs may be used. Unobservable inputs reflect the Master Fund's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The various inputs that may be used to determine the value of the investments are summarized in the three levels presented above. The inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an investment's assigned level as described above.

**e. Investments** - The JCC's investment portfolio consists of State of Israel bonds and mutual funds. Therefore, the JCC is subject to risk of market volatility. The JCC's mutual funds are reported at fair value based on Level 1 quoted market prices. Fair value for the JCC's State of Israel bonds can be estimated using the face value, maturity date, payoff dates and interest rates for each of the bonds which are considered to be Level 2 observable inputs. The JCC considers its investment in State of Israel bonds as held to maturity. Realized and unrealized gains and losses are included in the statement of activities.

**f. Property and Equipment** - The JCC capitalizes all major expenditures for land, buildings and equipment. Maintenance and repairs are expensed as incurred. Investments in real and personal property are stated at cost when purchased, and at fair market value when acquired by gift. Depreciation is calculated using the straight-line method of depreciation and is based upon the useful lives of the assets as follows:

Furniture, fixtures and equipment	3-7 years
Improvements	20 years
Building	40 years

On normal retirement or replacement the cost is removed from the asset accounts and the related depreciation reserve is adjusted, with the difference being charged to income.

**g. Deferred revenue** - Fees received from participants in advance of the related program activity are recorded by the JCC as deferred revenue.

**h. Contributions** - All contributions are considered available for unrestricted use unless specifically restricted by the donor, and are reflected in the accompanying financial statements at their estimated market value at the date of receipt. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**i. Income Taxes** - The JCC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a "private foundation" within the meaning of Section 590(a). In accordance with ASC 740 "Income Taxes", the JCC has determined that ASC 740 does not have a material impact on its financial statements. Accordingly, no provision for income taxes is included in the accompanying financial statements. The JCC's tax and information returns are generally subject to examination by taxing authorities for three years, including 2012, 2013 and 2014.

**j. Volunteer Services** - Many volunteers have donated services to the JCC's activities, however, no amounts are included in the accompanying financial statements to reflect their services, inasmuch as they do not meet the criteria for recognition as contributed services

**k. Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**l. Functional Allocation of Expense** - The costs of providing the JCC's various programs and other activities have been summarized in the Statement of Activities by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**m. Reclassification** - Certain amounts in the prior year financial statements have been reclassified in order to be consistent with the current year presentation.

**n. Comparative figures** - Totals for the prior year have been presented where appropriate in the accompanying financial statements only to facilitate financial analysis. Such data does not fully present financial position, and changes in net assets and cash flows.

### Note 3 - Cash and cash equivalents

The total operating and capital cash held by the JCC at August 31, 2015 and 2014 includes \$187,137 and \$391,820 respectively, in bank deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") limits. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

### Note 4 - Investments

The cost and fair value of securities at August 31 are as follows:

<u>Description</u>	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Level 1 Investments - Mutual Funds	468,735	585,336	458,536	594,887
Level 2 Investments - State of Israel Bonds	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>568,735</u>	<u>685,336</u>	<u>558,536</u>	<u>694,887</u>

Investment income was comprised of the following for the years ended August 31:

	<u>2015</u>	<u>2014</u>
Interest and dividends	13,876	15,615
Net realized gain (loss) on investments	(21,642)	1,587
Net unrealized gain on investments	<u>1,093</u>	<u>63,702</u>
	<u>(6,673)</u>	<u>80,904</u>

## Note 5 - Pledges receivable

Pledges receivable consist of amounts due for annual campaign pledges and others which are due as follows at August 31:

	<u>2015</u>	<u>2014</u>
Pledges receivable in less than one year	129,041	83,476
Less: Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
Pledges receivable, net	<u>124,041</u>	<u>78,476</u>

All pledges are expected to be collected within one year, therefore no discount on pledges was recorded.

## Note 6 - Property and equipment

	<u>2015</u>	<u>2014</u>
Land	583,823	583,823
Building and improvements	9,672,586	9,278,326
Outdoor swimming pool	396,168	203,558
Furniture and equipment	1,270,918	1,018,853
Transportation equipment	<u>156,210</u>	<u>99,447</u>
	12,079,705	11,184,007
Less accumulated depreciation	<u>(5,489,070)</u>	<u>(5,085,339)</u>
	<u>6,590,635</u>	<u>6,098,668</u>

Depreciation expense for the years ended August 31, 2015 and 2014 amounted to \$403,731 and \$386,534, respectively.

## Note 7 - Deferred income

	<u>2015</u>	<u>2014</u>
Active Retirees	-	185
Adult Enrichment	47,111	2,100
Aquatics fees	21,264	28,666
Athletic fees	11,251	3,347
Camp fees	107,223	-
Extended Day Programs	33,919	45,636
Fitness fees	27,664	26,002
Sponsorships	8,442	14,346
Membership dues	189,390	161,046
Nursery School fees	304,053	341,259
Youth After-Care	36,792	26,789
Miscellaneous	<u>4,500</u>	<u>490</u>
	<u>791,609</u>	<u>649,866</u>

## Note 8 - Lines of credit

The JCC has a \$750,000 unsecured line of credit with Investors Bank that matures on May 29, 2016. Interest on the outstanding balance is calculated at the Prime Rate of interest as published in the Wall Street Journal with a floor of 3.50%. As of August 31, 2015 and 2014, the JCC had advances of \$200,000 and \$180,000, respectively on this line of credit.

## Note 9 - Notes payable

Notes payable consists of the following at August 31:

	<u>2015</u>	<u>2014</u>
\$400,000 note payable to Investors Bank used to repay the mortgage note with Unity Bank, due October 1, 2015. Monthly principal and interest installments of \$2,181 beginning November 1, 2012 at fixed interest rate of 4.25% per annum. The loan agreement contains various financial covenants on the property. On August 1, 2015, this note was repaid in full with proceeds from refinancing.	-	124,598
\$110,000 unsecured note payable to Investors Bank used to finance LED lighting renovation, due October 1, 2019. Monthly principal and interest installments of \$2,029 beginning November 1, 2014 at fixed interest rate of 4.0% per annum. On August 1, 2015, this note was repaid in full with proceeds from refinancing.	-	-
\$375,000 note payable to Investors Bank used to consolidate and refinance existing loans with Investors bank and for general working capital purposes, due August 1, 2020. Monthly principal and interest installments of \$6,860 beginning September 1, 2015 at fixed interest rate of 3.625% per annum. The loan agreement contains various financial covenants on the property.	375,000	-
Less current portion:	<u>69,671</u>	<u>20,688</u>
Notes payable non-current portion:	<u>305,309</u>	<u>103,910</u>

Annual maturities of the notes payable outstanding at August 31, 2015 are as follows:

<u>Year ending August 31,</u>	
2016	69,671
2017	72,239
2018	74,902
2019	77,663
2020	<u>80,525</u>
Total	<u>375,000</u>

## Note 10 - Capital Leases

The JCC has entered into several capital leases for office and exercise equipment which expire through 2020. The economic substance of the leases are that the JCC is financing the acquisition of the assets through the lease and accordingly, it is recorded in the JCC's assets and liabilities. The assets are amortized over their estimated productive life. Amortization expense for the year ended August 31, 2015 amounted to \$4,760 and is included in depreciation expense.

Property and equipment held under capital lease:

	<u>2015</u>	<u>2014</u>
Leased equipment	168,793	23,800
Less accumulated amortization	<u>4,760</u>	-
Net Leased equipment	<u>164,033</u>	<u>23,800</u>

The aggregate minimum future lease payments under capital leases as of August 31, 2015 are as follows:

<u>Years ending August 31,</u>	
2016	52,531
2017	52,531
2018	36,331
2019	10,231
2020	<u>4,543</u>
Net minimum lease payment	156,168
Less amount representing interest	<u>12,454</u>
Present value of net minimum lease payments	143,714
Less current portion	<u>46,083</u>
Long term portion	<u>97,631</u>

#### Note 11 - Grants

Grant income for the years ended August 31, 2015 and 2014 is comprised of:

	<u>2015</u>	<u>2014</u>
Jewish Community Foundation of Greater MetroWest NJ	4,167	-
Plainfield Foundation	2,500	3,000
Union County Division on Aging - Social/Recreation	22,985	23,284
Union County Division on Aging - Nutrition	22,660	16,655
Van Winkle Foundation	3,000	3,600
Westfield United Fund	27,250	23,333
Westfield Foundation	<u>2,650</u>	<u>3,697</u>
	<u>85,212</u>	<u>73,569</u>

#### Note 12 - Related Party Transactions

During the years ended August 31, 2015 and 2014, the JCC paid membership dues of \$64,344 and \$59,916, respectively, to the JCCA of North America which provides various management and advisory services.

The Jewish Federation of Greater MetroWest NJ (the "Federation") provides certain support and also occupies certain space within the facility owned by the JCC for which it reimburses the JCC various occupancy costs. There is an informal agreement that has been in place since the opening of the new building in 1997 between the Federation and the JCC that spells out the method of this cost allocation, including utilities as indicated below:

	<u>2015</u>	<u>2014</u>
Direct income: Maintenance overtime	3,420	5,277
Management fee	90,760	93,324
Utility reimbursement	<u>29,240</u>	<u>44,392</u>
	123,420	142,993
Indirect income: Annual allocation	<u>131,720</u>	<u>136,643</u>
	<u>255,140</u>	<u>279,636</u>

### Note 13 - Retirement Plan

The JCC sponsors a defined contribution retirement plan that qualifies under Section 401(k) of the Internal Revenue Code. This plan covers substantially all full-time employees who have satisfied the eligibility requirements as defined in the plan. Under this plan, participants are permitted to make income tax deferred contributions based upon their compensation. Each year, in addition to depositing voluntary 401(k) salary deferrals with an independent trustee, the JCC may contribute to the plan discretionary profit sharing contributions. No discretionary contributions were made by the JCC for the years ended August 31, 2015 and 2014.

### Note 14 - Temporarily restricted net assets

Temporarily restricted net assets are comprised of:

	<u>Cumulative Contributions</u>	<u>Cumulative Spent or Released</u>	<u>Unspent as of 8/31/15</u>
Zakarian Scholarships	11,238	5,890	5,348
J2O Outdoor Pool Capital Project	155,643	155,643	-
Climbing wall	<u>2,546</u>	<u>2,546</u>	<u>-</u>
	<u>169,427</u>	<u>164,079</u>	<u>5,348</u>

  

	<u>Cumulative Contributions</u>	<u>Cumulative Spent of Released</u>	<u>Unspent as of 8/31/14</u>
Zakarian Scholarships	8,388	2,000	6,388
J2O Outdoor Pool Capital Project	19,729	5,574	14,155
Climbing wall	<u>2,546</u>	<u>100</u>	<u>2,446</u>
	<u>30,663</u>	<u>7,674</u>	<u>22,989</u>

### Note 15 - Commitments

The JCC contracts MediFit Corporate Services, Inc. ("MediFit") to provide on-site management and supervision of the Fitness & Wellness Center and Member Services operations. The JCC pays MediFit an agreed upon monthly fee and reimburses MediFit for all costs associated with professional staff and programming services. Terms of the original agreement were amended effective January 1, 2014, thereby extending the terms of the Agreement through August 31, 2016. For the years ended August 31, 2015 and 2014, the JCC paid MediFit management fees of \$40,000 and \$46,666, respectively and reimbursement fees of \$549,501 and \$560,271, respectively. Included in reimbursement fees were various incentive fee bonuses of \$19,397 for the year ended August 31, 2014. No incentive fees were paid for the year ended August 31, 2015.

### Note 16 - Subsequent event

The JCC evaluated subsequent events through March 21, 2016 the date the financial statements were available to be issued.

Between September 1, 2015 and March 21, 2016, the JCC borrowed an additional \$250,000 on its outstanding line of credit.