

JCC OF CENTRAL NEW JERSEY, INC.

Financial Statements
June 30, 2019

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants

155 North Dean Street, Suite 5

Englewood, New Jersey 07631

201-567-4100

FAX 201-567-3461

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

JCC of Central New Jersey, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of JCC of Central New Jersey, Inc. (a Not-for-Profit organization), which are comprised of the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses 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.

Auditors' 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 of 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 auditors' 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 auditors consider 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 JCC of Central New Jersey, Inc. as of June 30, 2019, 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.

Malesardi, Quackenbush, Swift & Company LLC

Englewood, New Jersey
November 18, 2019

JCC OF CENTRAL NEW JERSEY, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

ASSETS:	
Cash and equivalents	\$ 1,728,933
Investments	880,611
Accounts and grants receivable, net	48,097
Pledges receivable, net	218,925
Prepaid expenses and other assets	315,037
Property and equipment, net	<u>5,966,255</u>
Total Assets	<u>\$ 9,157,858</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable and accrued expenses	\$ 334,925
Accrued vacation and payroll expenses	109,011
Deferred income	3,200,486
Deposits	23,087
Note payable	85,818
Capital lease obligations	<u>30,026</u>
Total Liabilities	<u>3,783,353</u>
NET ASSETS:	
Without donor restrictions	4,998,075
With donor restrictions	<u>376,430</u>
Total Net Assets	<u>5,374,505</u>
Total Liabilities and Net Assets	<u>\$ 9,157,858</u>

The accompanying notes are an integral
part of these financial statements.

JCC OF CENTRAL NEW JERSEY, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Program income	\$ 7,642,536	\$ -	\$ 7,642,536
Less: scholarships and discounts	285,866	-	285,866
Net program income	7,356,670	-	7,356,670
Membership dues	1,176,551	-	1,176,551
Special events	93,816	-	93,816
Grant income	168,329	-	168,329
Rental income	51,064	-	51,064
Contributions	240,540	196,430	436,970
Investment return, net	47,296	-	47,296
Jewish Federation	218,992	-	218,992
In-kind contributions	23,613	-	23,613
Other income	2,058	-	2,058
Net assets released from restrictions	60,000	(60,000)	-
Total Revenue and Support	<u>9,438,929</u>	<u>136,430</u>	<u>9,575,359</u>
EXPENSES:			
Program services	7,500,715	-	7,500,715
Management and general	1,490,587	-	1,490,587
Fundraising	206,667	-	206,667
Total Expenses	<u>9,197,969</u>	<u>-</u>	<u>9,197,969</u>
CHANGE IN NET ASSETS	<u>240,960</u>	<u>136,430</u>	<u>377,390</u>
NET ASSETS, Beginning of Year	<u>4,757,115</u>	<u>240,000</u>	<u>4,997,115</u>
NET ASSETS, End of Year	<u>\$ 4,998,075</u>	<u>\$ 376,430</u>	<u>\$ 5,374,505</u>

The accompanying notes are an integral
part of these financial statements.

JCC OF CENTRAL NEW JERSEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Employee compensation and benefits	\$ 4,332,529	\$ 1,194,677	\$ 78,006	\$ 5,605,212
Program costs	739,810	-	-	739,810
Advertising and promotion	158,759	-	8,356	167,115
Transportation	530,062	-	-	530,062
Food	240,654	-	-	240,654
Telephone	22,265	1,792	896	24,953
Program equipment and supplies	228,297	18,493	4,000	250,790
Staff training	24,521	249	-	24,770
Payroll, accounting and processing fees	2,255	55,127	-	57,382
Employee and recruitment	24,644	11,126	250	36,020
Security	65,192	7,670	3,835	76,697
Fundraising	3,993	-	46,720	50,713
Software and computer	50,551	4,774	2,387	57,712
Postage	10,036	1,181	590	11,807
Service contracts	97,868	11,514	5,757	115,139
Professional dues	2,017	65,463	-	67,480
Professional development	53,803	6,330	3,164	63,297
Miscellaneous expenses	940	6,283	-	7,223
Interest	-	13,268	-	13,268
Insurance	48,536	5,710	2,855	57,101
Credit card fees, net	156,850	-	8,255	165,105
Bad debt expense	-	3,739	-	3,739
Utilities and occupancy	333,561	39,242	19,621	392,424
Depreciation and amortization	373,572	43,949	21,975	439,496
Total	<u>\$ 7,500,715</u>	<u>\$ 1,490,587</u>	<u>\$ 206,667</u>	<u>\$ 9,197,969</u>

The accompanying notes are an integral
part of these financial statements.

JCC OF CENTRAL NEW JERSEY, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 377,390
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	439,496
Unrealized gains on investments	(24,599)
Realized gains on sale of investments	(568)
Change in accounts and grants receivable	(16,794)
Change in pledges receivable	37,990
Change in prepaid expenses	(35,379)
Change in accounts payable and accrued expenses	128,169
Change in accrued vacation and payroll expenses	46,553
Change in deferred income	136,429
Change in deposits	22,987
	<u>1,111,674</u>
Net Cash Provided by Operating Activities	<u>1,111,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(285,037)
Purchases of investments	(118,577)
Proceeds from sale of investments	25,850
	<u>(377,764)</u>
Net Cash Used in Investing Activities	<u>(377,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	300,000
Payments on line of credit	(300,000)
Payments on note payable	(77,537)
Proceeds from capital lease obligation	-
Payments on capital lease obligation	(34,174)
	<u>(111,711)</u>
Net Cash Used in Financing Activities	<u>(111,711)</u>
NET CHANGE IN CASH AND EQUIVALENTS	622,199
CASH AND EQUIVALENTS, Beginning of Year	<u>1,106,734</u>
CASH AND EQUIVALENTS, End of Year	<u>\$ 1,728,933</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for:	
Interest	\$ 13,268

The accompanying notes are an integral
part of these financial statements.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - NATURE OF THE ORGANIZATION:

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. JCC's mission is to provide social, recreational, educational and cultural programs and humanitarian services for individuals and families through all phases of life. JCC is a dynamic center for Jewish life offering a vital and welcoming home away from home for members and guests.

JCC serves more than 4,000 members and community participants at all ages and stages of life. It is a hub where people come together to make and sustain friendships and get involved with their community. JCC is committed to Jewish heritage, identity and values but is also very proud to be a non-sectarian and diverse center - open to everyone.

The Brody Family Early Learning Center, which includes infant/toddler care, preschool, kindergarten and after care, serves over 550 children and is committed to excellence in education and providing a safe nurturing environment for all children. The school's curriculum is designed to allow children to flourish as they interact with both their physical and social environments. Creative Curriculum, a national research-based program which enhances children's experiences through high-quality materials, training programs, developmental assessment, staff development and resources for parents is incorporated. Activities enriching the classroom experiences include sessions with professional instructors in art, Discover CATCH, yoga, music and swim. Parental participation is encouraged in classroom activities and the active Parent Committee.

Camp Yachad, JCC's summer camp, serves close to 900 children each summer and is a fun and welcoming experience led by an energetic and dedicated staff. There are traditional and travel camps for campers 18 months to 14 years including a JCC Performing Arts camp, Maccabi Sports camp and TEKI STEAM camp. Camp Yachad day camp for ages 18 months through 4th grade is based at the JCC and offers wonderful summer programs filled with a mix of sports, movement, Judaica, dance, nature, arts and crafts, cooking, science and all of the extras you'd want to keep your child excited, interested, active and loving every moment of summer. Camp Yachad travel camp for children in 4th - 9th grade provides a great summer filled with exciting travel experiences. Travel can range from daily trips to beaches, aquariums, ballparks and water and amusement parks to extended overnight trips to fun and interesting locations such as Toronto, New Orleans and Lake Placid, even Disney World! The ROCK solid foundation of camping is what makes Camp Yachad stand above the rest. ROCKS are the values embraced every day at camp and in the community. Important life skills radiate from these core values – ruach (spirit), opportunity, community, kindness and strength - helping to prepare young campers for life. These values are reinforced on a daily basis. It is a priority to find ways to recognize our campers and counselors who demonstrate these values.

In response to social isolation of older adults and feelings of loneliness, the Senior Adult Program brings older adults together to socialize, exercise, connect and stimulate their minds. A full curriculum of professionally led, high level programming is offered. A freshly prepared kosher lunch is served daily.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 1 - NATURE OF THE ORGANIZATION (CONTINUED):

Throughout the year, adults of all ages can enjoy arts and education programs, such as the Jewish Film Festival, author visits, trips, concerts and cooking classes. JCC has a state-of-the-art fitness center which has the latest in strength-training and cardiovascular equipment, a full group fitness class schedule and personal training. Wellness programming includes stretching, cancer recovery, functional movement classes and specialty lectures. Indoor and outdoor pools and a full gymnasium are also available for fitness and recreation. A variety of recreational and competitive sports leagues are available.

Youth and teens, can participate in JCC's theater program, leadership development, social action projects, Barracudas swim team and basketball leagues.

A current focus of JCC is to expand and enhance programs and services for more vulnerable populations in our community, such as individuals with disabilities and older adults. JCC of Central New Jersey is committed to the inclusion of people of all abilities, backgrounds, denominations, gender identity and religious affiliations into all of our programs. We are committed to making our Wilf Jewish Community Campus a barrier-free environment and our programs equally inclusive.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of JCC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net Assets - Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of JCC's Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets - With Donor Restrictions

Net assets with donor restrictions represent those assets which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting JCC to expend the income generated by the assets in accordance with provisions of additional donor imposed stipulations or a Board-approved spending policy.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, JCC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fair Market Value Measurements

JCC follows Financial Accounting Standards Board guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment fees are netted against the investment return.

Property and Equipment

Property and equipment are stated at cost or fair value at the date of donation. Assets acquired through capital lease agreements are recorded in accordance with accounting principles generally accepted in the United States of America. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Asset additions are capitalized when they exceed \$5,000.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Receivables

Accounts and grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. JCC provides for losses on accounts and grants receivable using the allowance method. The allowance is based on experience of JCC's past collectibles. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is JCC's policy to charge off uncollectible accounts and grants receivable when management determines the receivable will not be collected. The allowance on accounts and grants receivable as of June 30, 2019 was \$5,706.

Revenue and Support

JCC recognizes program income in the year it is earned. Funds received that have not been earned as of the balance sheet date are reflected as deferred revenue.

Membership fees are recorded as income when received.

Contributions, including unconditional pledges, are recognized when made and recorded at fair value as net assets without donor restrictions or as net assets with donor restrictions depending on the existence and/or the nature of any donor-imposed restrictions. Conditional pledges are recognized when the conditions on which they depend are substantially met.

In-kind contributions are reflected as contributions at fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. JCC recognized \$23,613 of in-kind donations during the year ended June 30, 2019. Many volunteers have made significant contributions of their time in furtherance of JCC's mission. These services were not reflected in the accompanying consolidated statements of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

Pledges Receivable

Pledges receivable are recognized when an unconditional promise to give cash is received. An allowance for estimated uncollectible pledges is recorded at the amount necessary to reduce pledges receivable to their estimated realizable value. It is JCC's policy to charge off uncollectible pledges when management determines the pledge to no longer be collectable. The allowance on pledges receivable as of June 30, 2019 is \$6,575.

Advertising

JCC expenses advertising production costs as they are incurred.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the program and supporting services benefited, based on usage or other equitable bases established by management.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

JCC is a Not-for-Profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax.

Open Tax Years

JCC's Forms 990, *U.S. Return of Organization Exempt from Income Tax*, for the periods ended August 31, 2016, 2017 and June 30, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The fiscal year end was changed in fiscal year 2018 from August 31 to June 30.

New Accounting Pronouncements

During the period ended June 30, 2019, JCC implemented the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 ("ASU 2016-14"). ASU 2016-14 amends the current reporting model for non-profit Organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. In addition, ASU 2016-14 removes the requirement for not-for-profit entities that chose to prepare the statement of cash flows using the direct method must also present a reconciliation (the indirect method).

NOTE 3 - FAIR VALUE MEASUREMENTS:

Assets measured at fair value on a recurring basis are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>
Mutual funds	\$ 704,311	\$ 704,311	\$ -
State of Israel Bonds	100,000	-	100,000
Other investments	<u>76,300</u>	<u>76,300</u>	<u>-</u>
Total	<u>\$ 880,611</u>	<u>\$ 780,611</u>	<u>\$ 100,000</u>

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED):

Fair values for investments are determined by references to quoted market prices and other relevant information generated by market transactions.

NOTE 4 - PLEDGES RECEIVABLE:

JCC's pledges receivable consists of amounts due for annual campaign pledges and other programs. Pledges receivable, net of allowance, are as follows:

Receivable in less than one year	\$ 155,500
Receivable in one to five years	<u>70,000</u>
Total	225,500
Less: allowance for doubtful account	<u>6,575</u>
Pledges receivable, net	<u>\$ 218,925</u>

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

Land	\$ 659,438
Building and improvements	9,461,197
Equipment	1,610,036
Furniture and fixtures	127,919
Computer software	50,662
Construction in progress	<u>101,280</u>
Total Property and Equipment	12,010,532
Less: accumulated depreciation	<u>6,044,277</u>
Property and Equipment, net	<u>\$ 5,966,255</u>

Depreciation expense for the year ended June 30, 2019 was \$439,496 and includes the amount of depreciation attributed to capital leases.

NOTE 6 - LONG-TERM DEBT:

JCC has a \$375,000 five year note with Investors Bank that matures on August 1, 2020 bearing interest at a rate of 3.625%. The balance due as of June 30, 2019 was \$85,818.

Future principal reductions on this debt are as follows:

2020	\$ 73,566
2021	<u>12,252</u>
Total	<u>\$ 85,818</u>

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 7 - LINE OF CREDIT:

JCC had a \$750,000 unsecured line of credit with Investors Bank available to meet unanticipated liquidity needs at June 30, 2019. The line of credit matures on May 31, 2020 and bears interest at prime with a floor of 3.5% per annum. JCC had no advances outstanding on this line of credit as of June 30, 2019.

NOTE 8 - CAPITAL LEASE OBLIGATIONS:

JCC has two capitalized equipment leases with Macrolease Corporation requiring monthly principal and interest payments. Interest rates on these capitalized leases are 4.7% and 4.2% and are based on stated rates.

The following is a cumulative schedule by year of future minimum lease payments required under the leases with their present value as of June 30, 2019:

2020	\$ 22,569
2021	<u>7,457</u>
Total	<u>\$ 30,026</u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 9 - INVESTMENT RETURN:

Investment return is summarized as follows:

Interest and dividends	\$ 22,669
Realized gain on investments	568
Unrealized gain on investments	24,599
Investment fees	<u>(540)</u>
Total Investment Return, net	<u>\$ 47,296</u>

NOTE 10 - RENTAL INCOME:

JCC renewed the five-year lease with The Jewish Federation of Greater MetroWest, NJ (the "Federation") on July 1st, 2019 for space occupied within the facility owned by the JCC. The Federation reimburses JCC 7.86% of all capital expenditures.

The following is a schedule by year of future minimum rentals under the lease as of June 30, 2019:

2020	\$ 50,000
2021	40,000
2022	30,000
2023	30,000
2024	<u>30,000</u>
Total	<u>\$ 180,000</u>

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2019, net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose or period:

Senior programs	\$ 150,000
Future capital improvements	30,000
JEmbrace	<u>196,430</u>

Total net assets with donor restrictions \$ 376,430

Net assets released from donor restrictions, by incurring expenses satisfying the restricted purposes are as follows:

Senior programs	\$ 50,000
Future capital improvements	<u>10,000</u>

Total \$ 60,000

The various purposes of the above donor restricted amounts are as follows:

Senior programs

To help sustain programs and services for older adults in our community.

Future capital improvements

To provide funding to establish a reserve fund for capital improvements.

JEmbrace

Restricted for the expansion and enhancement of program and services for more vulnerable populations in our community, such as individuals with disabilities and older adults.

NOTE 12 - RETIREMENT PLAN:

JCC sponsors a defined contribution retirement plan that qualifies under Section 401(k) of the Internal Revenue Code. The 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 contribution. Each year, in addition to depositing voluntary 401(k) salary deferrals with an independent trustee, JCC may contribute to the plan discretionary profit sharing contributions. No discretionary contributions were made by the JCC for the year ended June 30, 2019.

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE 13 - COMMITMENTS:

In May 2017, JCC entered into a Solar Power Purchase Agreement (PPA) with Keystone Power Holdings, LLC with the option to buy the system at the fair market value after 10 years. At the end of the 20 year PPA term, JCC has the option of paying Keystone (or assignee) to remove the system at their cost. The PPA was entered into to reduce JCC's cost of electricity and dependency on the grid electricity and pricing.

NOTE 14 - RELATED PARTY TRANSACTIONS:

During the fiscal year JCC paid membership dues of \$67,480 to JCC of North America which provides management and advisory services.

JCC rents space to the Federation. The Federation also provides financial support for programming at JCC and reimburses JCC for 7.86% of all shared capital expenditures and maintenance overtime. In fiscal year 2019, Federation paid the following to JCC:

Annual allocation	\$ 120,217
Rent	77,500
Capital cost reimbursement	20,854
Maintenance overtime	<u>421</u>
Total Related Party Transactions	<u>\$ 218,992</u>

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects JCC's financial assets as of June 30, 2019 that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and equivalents	\$ 1,728,933
Investments	829,311
Accounts and grants receivable, net	48,097
Pledges receivable, net	<u>155,500</u>
Total financial assets at year-end	<u>2,761,841</u>
Less those unavailable for general expenditures within one year due to:	
Restricted by donors with time or purpose restrictions	<u>(376,430)</u>
Total unavailable for general use	<u>(376,430)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,385,411</u>

JCC OF CENTRAL NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED):

Liquidity Management

JCC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 17 - CONCENTRATION OF CREDIT RISK:

JCC maintains its cash balances in two financial institutions located in New Jersey. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed federally insured limits.

NOTE 18 - MATCHING CHALLENGE GRANT:

In fiscal year 2019, JCC obtained funds and pledges through private donations, foundation grants, corporate support and matching grants totaling \$196,430, which is restricted for the expansion and enhancement of programs and services for more vulnerable populations in our community, such as individuals with disabilities and older adults. JCC program is called JEmbrace. JCC will continue to seek funds and pledges for JEmbrace through August 2020. JCC will begin to use these restricted funds during fiscal year 2020.

NOTE 19 - RECLASSIFICATION OF NET ASSETS:

The changes after adoption of ASU 2016-14 have the following effect on net assets at June 30, 2018:

Net Assets:	<u>As Originally Presented</u>	<u>After Adoption of ASU</u>
Unrestricted net assets	\$ 4,757,115	\$ -
Temporarily restricted net assets	240,000	-
Net assets without donor restrictions	-	4,757,115
Net assets with donor restrictions	<u>-</u>	<u>240,000</u>
 Total Net Assets	 <u>\$ 4,997,115</u>	 <u>\$ 4,997,115</u>

NOTE 20 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 18, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and through the date the financial statements were available to be issued that would require adjustment to or disclosure in the accompanying financial statements.