

Audited Financial Statements
Raleigh-Cary Jewish Federation, Inc.
Years Ended December 31, 2020 and 2019

Audited Financial Statements

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2020 and 2019

Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities (2020).....	4
Statement of Activities (2019).....	5
Statement of Functional Expenses (2020).....	6
Statement of Functional Expenses (2019).....	7
Statements of Cash Flows	8
Notes to Financial Statements	9

*Independent Auditors' Report*

Board of Trustees
Raleigh-Cary Jewish Federation, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of Raleigh-Cary Jewish Federation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

Auditors' 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 audits 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 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 Raleigh-Cary Jewish Federation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of ASU 2014-09

As discussed in Note A to the financial statements, Raleigh-Cary Jewish Federation, Inc. adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
September 14, 2023

Statements of Financial Position

Raleigh-Cary Jewish Federation, Inc.

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents:		
General operations	\$ 210,086	\$ 241,007
Donor-advised funds	1,017	1,017
Kahn Community Campus	185,499	290,669
With donor restrictions, other non-endowed	14,027	14,027
Held under donor-restricted endowments	<u>(187)</u>	<u>(187)</u>
	410,442	546,533
Pledges receivable, current portion:		
Kahn Community Campus	266,475	142,323
Annual Campaigns:		
2020	41,019	0
2019	<u>0</u>	<u>19,480</u>
	307,494	161,803
Allowance for uncollectible pledges	<u>(50,000)</u>	<u>(50,000)</u>
	257,494	111,803
Grant receivables	1,754	4,298
Other receivables	10,706	61,066
Prepaid expenses	<u>20,372</u>	<u>18,350</u>
TOTAL CURRENT ASSETS	700,768	742,050
PLEDGES RECEIVABLE (Kahn Community Campus), less current portion and net of discount	421,687	565,056
FIXED ASSETS, net of accumulated depreciation	5,706,812	5,804,992
INVESTMENTS:		
Without donor restrictions	88,135	85,817
Donor-advised	389,480	406,942
With donor restrictions, non-endowed	168,590	158,690
Held under donor-restricted endowments	550,527	512,016
Agency funds	<u>1,320,491</u>	<u>1,270,842</u>
	2,517,223	2,434,307
OTHER ASSETS:		
Other assets	<u>89,567</u>	<u>88,873</u>
TOTAL ASSETS	\$ <u>9,436,057</u>	\$ <u>9,635,278</u>

See accompanying independent auditors' report and notes to financial statements.

Statements of Financial Position--Continued

Raleigh-Cary Jewish Federation, Inc.

	December 31,	
	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 78,622	\$ 72,163
Current portion of long-term debt	79,761	74,778
Current portion of capital lease obligation	3,762	3,451
Deferred support	51,432	23,957
Deferred revenue	42,735	41,066
TOTAL CURRENT LIABILITIES	<u>256,312</u>	<u>215,415</u>
Investments held under agency	1,320,491	1,270,842
Line-of-credit borrowings	173,000	50,000
Long-term debt, less current portion	2,845,370	3,024,561
Capital lease obligation, less current portion	4,723	8,487
TOTAL LIABILITIES	<u>4,599,896</u>	<u>4,569,305</u>
NET ASSETS:		
Without donor restrictions:		
Available for operations	129,490	331,540
Donor-advised funds	390,498	407,959
Fixed assets, net of related obligations	3,481,649	3,476,375
Total without donor restrictions	<u>4,001,637</u>	<u>4,215,874</u>
With donor restrictions:		
Other than endowments	284,184	338,270
Held under endowments	550,340	511,829
	<u>834,524</u>	<u>850,099</u>
TOTAL NET ASSETS	<u>4,836,161</u>	<u>5,065,973</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,436,057</u>	<u>\$ 9,635,278</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2020

	Without Donor Restrictions		With Donor	Total
	Operations	Fixed Assets	Restrictions	
SUPPORT, REVENUES, AND OTHER INCOME:				
Support:				
Federation:				
Annual Campaign/fundraising, net	\$ 656,550			\$ 656,550
Leadership development	85,000			85,000
Sponsorships	52,416			52,416
Grants	31,000		20,000	51,000
PPP forgivable loan	217,100			217,100
Donated services	30,790			30,790
Kahn Community Campus (KCC):				
Pledges, net				0
Contributions			32,641	32,641
Grants			100,000	100,000
Donated services				0
Jewish Community Center (JCC):				
Contributions	21,373			21,373
Sponsorships	2,500			2,500
Grants				0
Donated services	6,695			6,695
Jewish Family Services (JFS):				
Contributions	6,389			6,389
Sponsorships	7,893			7,893
Grants	7,208		87,898	95,106
Donated food/gift cards				0
Jewish Community Relations Council (JCRC):				
Contributions				0
Community Engagement:				
Contributions	28,076			28,076
Sponsorships	4,580			4,580
Grants	8,125			8,125
Donated services				0
Jewish Community Foundation (JCF):				
Contributions	49,501		5,546	55,047
Total support	1,215,196		246,085	1,461,281
Revenue:				
JCC membership dues	72,788			72,788
Program fees/income:				
Federation	666			666
KCC	116,224			116,224
JCC	177,531			177,531
JFS	15,026			15,026
Community Engagement	1,071			1,071
Facilities				0
Net investment income	20,673		43,560	64,233
Gain on fixed asset disposal	1,531			1,531
Other income	5,314			5,314
Net assets released from restrictions:				
Appropriated from endowments				0
Satisfaction of purpose restrictions	192,167	113,053	(305,220)	0
TOTAL SUPPORT, REVENUES, AND OTHER INCOME	1,818,187	113,053	(15,575)	1,915,665
EXPENSES:				
Program services:				
Jewish Community Center	861,251			861,251
Jewish Family Services	320,690			320,690
Jewish Community Relations Council	18,000			18,000
Jewish Community Foundation	52,032			52,032
Kahn Community Campus	91,690	197,364		289,054
Community Engagement	136,784			136,784
	1,480,447	197,364	0	1,677,811
Supporting services:				
Management and general	293,790	10,000		303,790
Fundraising/development	158,876	5,000		163,876
	452,666	15,000	0	467,666
TOTAL EXPENSES	1,933,113	212,364	0	2,145,477
CHANGE IN NET ASSETS	\$ (114,926)	\$ (99,311)	\$ (15,575)	\$ (229,812)
Net assets, beginning of year	\$ 739,499	\$ 3,476,375	\$ 850,099	\$ 5,065,973
Change in net assets	(114,926)	(99,311)	(15,575)	(229,812)
Net decrease in capital lease obligation	(3,453)	3,453		0
Principal payments on construction loan	(100,000)	100,000		0
Other fixed asset purchases	(1,132)	1,132		0
NET ASSETS, END OF YEAR	\$ 519,988	\$ 3,481,649	\$ 834,524	\$ 4,836,161

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2019

	Without Donor Restrictions		With Donor Restrictions	Total
	Operations	Fixed Assets		
SUPPORT, REVENUES, AND OTHER INCOME:				
Support:				
Federation:				
Annual Campaign/fundraising, net	\$ 466,029	\$	\$	\$ 466,029
Grants	35,569			35,569
Kahn Community Campus (KCC):				
Pledges, net			798,980	798,980
Other contributions	15,404		100,000	115,404
Donated services	2,501			2,501
Jewish Community Center (JCC):				
Contributions	2,556			2,556
Sponsorships	7,780			7,780
Grants	5,500			5,500
Jewish Family Services (JFS):				
Contributions	870			870
Sponsorships	4,700			4,700
Grants	54,007		72,500	126,507
Donated food/gift cards	17,534			17,534
Jewish Community Relations Council (JCRC):				
Contributions	27,295			27,295
Community Engagement:				
Contributions	22,428			22,428
Sponsorships	53,850			53,850
Donated services	28,473			28,473
Jewish Community Foundation (JCF):				
Contributions			9,854	9,854
Total support	744,496	0	981,334	1,725,830
Revenue:				
JCC membership dues	88,546			88,546
Program fees/income:				
Federation	1,946			1,946
KCC	51,022			51,022
JCC	353,489			353,489
JFS	27,160			27,160
Community Engagement	33,241			33,241
Facilities	10,918			10,918
Net investment income	70,223		113,972	184,195
Other income	7,594			7,594
Net assets released from restrictions:				
Appropriated from endowments	21,018		(21,018)	0
Satisfaction of purpose restrictions	138,364	910,495	(1,048,859)	0
TOTAL SUPPORT, REVENUES, AND OTHER INCOME	1,548,017	910,495	25,429	2,483,941
EXPENSES:				
Program services:				
Jewish Community Center	698,107			698,107
Jewish Family Services	333,475			333,475
Jewish Community Relations Council	26,957			26,957
Jewish Community Foundation	67,455			67,455
Kahn Community Campus	144,694	92,004		236,698
Community Engagement	215,773			215,773
Facilities	66,464	7,927		74,391
	1,552,925	99,931	0	1,652,856
Supporting services:				
Management and general	237,847	8,817		246,664
Fundraising/development	137,041	8,817		145,858
	374,888	17,634	0	392,522
TOTAL EXPENSES	1,927,813	117,565	0	2,045,378
CHANGE IN NET ASSETS	\$ (379,796)	\$ 792,930	\$ 25,429	\$ 438,563
Net assets, beginning of year, as restated	\$ 416,965	\$ 3,385,775	\$ 824,670	\$ 4,627,410
Change in net assets	(379,796)	792,930	25,429	438,563
Net decrease in capital lease obligation	(3,187)	3,187		0
Additional net borrowings on construction loan	1,956,000	(1,956,000)		0
Decreases in accounts payable/retainage payable related to fixed assets	(373,060)	373,060		0
Other fixed asset purchases	(877,423)	877,423		0
NET ASSETS, END OF YEAR	\$ 739,499	\$ 3,476,375	\$ 850,099	\$ 5,065,973

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2020

	Program Services						Support Services				2020 Total
	Jewish Community Center	Jewish Family Services	Jewish Community Relations Council	Jewish Community Foundation	Kahn Community Campus	Community Engagement	Total Program Services	Management and General	Fundraising/ Development	Total Support Services	
Salaries	\$ 424,849	\$ 221,218	\$	\$	\$	\$ 93,207	\$ 739,274	\$ 137,846	\$ 85,647	\$ 223,493	\$ 962,767
Payroll taxes	31,329	17,176				7,022	55,527	10,270	6,100	16,370	71,897
Other employee benefits	26,796	2,777				3,280	32,853	8,149	6,101	14,250	47,103
Operation expense	232,857	8,088			2,046	559	243,550	19,381	43,689	63,070	306,620
Travel	788	558				754	2,100	1,875	44	1,919	4,019
Interest expense					79,470		79,470	35,848		35,848	115,318
Property tax	97				9,236		9,333	155		155	9,488
Depreciation/amortization					197,364		197,364	10,000	5,000	15,000	212,364
Professional fees	1,600	9,160				500	11,260	31,636		31,636	42,896
Program expenses	22,748	59,467		52,032	10	31,041	165,298	1,626	236	1,862	167,160
Sub-contractors	106,230					120	106,350			0	106,350
Professional development	25	826				121	972	311		311	1,283
Insurance	5,088				878		5,966	32,740		32,740	38,706
Association expense	4,867	1,394				39	6,300	3,313	17,009	20,322	26,622
Conference/meetings/events	250					29	279	800		800	1,079
Merchant fees	3,702	26			50	112	3,890	9,840	50	9,890	13,780
State Allocations							0			0	0
National/International Allocations	25		18,000				18,025			0	18,025
Total	<u>\$ 861,251</u>	<u>\$ 320,690</u>	<u>\$ 18,000</u>	<u>\$ 52,032</u>	<u>\$ 289,054</u>	<u>\$ 136,784</u>	<u>\$ 1,677,811</u>	<u>\$ 303,790</u>	<u>\$ 163,876</u>	<u>\$ 467,666</u>	<u>\$ 2,145,477</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2019

	Program Services							Support Services				2019 Total
	Jewish Community Center	Jewish Family Services	Jewish Community Relations Council	Jewish Community Foundation	Kahn Community Campus	Community Engagement	Facilities	Total Program Services	Management and General	Fundraising/ Development	Total Support Services	
Salaries	\$ 303,555	\$ 193,863	\$	\$	\$ 41,149	\$ 79,550	\$ 40,542	\$ 658,659	\$ 75,147	\$ 122,098	\$ 197,245	\$ 855,904
Payroll taxes	22,639	14,831			3,148	11,533	3,101	55,252	7,143	2,405	9,548	64,800
Other employee benefits	12,901	6,736				12,253	10,675	42,565	2,965	4,444	7,409	49,974
Operation expense	150,174	28,457			33,605	35,214	8,925	256,375	38,175	1,462	39,637	296,012
Travel	8,160	4,277			14	5,963	98	18,512	1,196	1,418	2,614	21,126
Interest expense	205				43,227			43,432	29,894		29,894	73,326
Depreciation/amortization					92,004		7,927	99,931	8,817	8,817	17,634	117,565
Professional fees	1,300				5,527	500		7,327	42,643		42,643	49,970
Program expenses	96,317	80,965		67,455	3,163	39,679	106	287,685	32	343	375	288,060
Sub-contractors	74,042	135			683	4,079	3,000	81,939			0	81,939
Professional development	345	2,214				(1,160)		1,399	330	1,439	1,769	3,168
Insurance	5,181				5,727			10,908	23,969		23,969	34,877
Association expense	9,270	1,489				350		11,109	2,955	365	3,320	14,429
Conference/meetings/events	7,006	502			8,451	27,791		43,750	640	3,041	3,681	47,431
Merchant fees	7,012	6				21	17	7,056	12,758	26	12,784	19,840
State Allocations				259				259			0	259
National/International Allocations			26,698					26,698			0	26,698
Total	\$ 698,107	\$ 333,475	\$ 26,957	\$ 67,455	\$ 236,698	\$ 215,773	\$ 74,391	\$ 1,652,856	\$ 246,664	\$ 145,858	\$ 392,522	\$ 2,045,378

See accompanying independent auditors' report and notes to financial statements.

Statements of Cash Flows

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (229,812)	\$ 438,563
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	212,364	117,565
Contributions restricted for long-term purposes:		
Kahn Community Campus (KCC), net	(32,641)	(898,980)
Contributions to permanent endowments	(5,546)	(3,834)
(Decrease) increase in allowance for uncollectible pledges	0	(14,036)
Net realized (gains) losses on investments	(45,303)	(32,396)
Net unrealized (gains) losses on investments	(15,801)	(122,068)
Loss (gain) on disposal of fixed assets	(1,531)	0
(Increase) decrease in operating assets:		
Pledges receivable, other than Kahn Community Campus	(21,539)	12,887
Other receivables, prepaid expenses, and other assets	50,188	(58,040)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,459	(347,408)
Deferred support/revenue	29,144	(27,606)
NET CASH USED IN OPERATING ACTIVITIES	<u>(54,018)</u>	<u>(935,353)</u>
INVESTING ACTIVITIES:		
Purchases of fixed assets	(117,653)	(1,788,519)
Proceeds from sale of fixed assets	5,000	0
Purchases of investments	(55,047)	(32,158)
Reinvestment of net investment earnings	(2,584)	(11,391)
Proceeds from sales of investments	85,468	119,878
NET CASH USED IN INVESTING ACTIVITIES	<u>(84,816)</u>	<u>(1,712,190)</u>
FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Kahn Community Campus	51,858	656,151
Contributions to permanent endowments	5,546	3,834
Net proceeds from line-of-credit borrowings	123,000	50,000
Proceeds from long-term debt	0	2,421,000
Principal payments on long-term debt	(174,208)	(408,407)
Principal payments on capital lease obligation	(3,453)	(3,187)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,743</u>	<u>2,719,391</u>
NET CHANGE IN CASH	(136,091)	71,848
Cash and cash equivalents, beginning of year	<u>546,533</u>	<u>474,685</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 410,442</u>	<u>\$ 546,533</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 115,318	\$ 73,326
INVESTMENT ACTIVITY FOR AGENCY FUNDS:		
Cash received and invested	\$ 10,555	\$ 352,425
Cash withdrawals	(40,623)	(36,964)
Interest and dividends, net of fees	7,133	15,639
Net change in fair value	72,584	129,182
Net change in amounts held in agency	<u>\$ 49,649</u>	<u>\$ 460,282</u>

See accompanying independent auditors' report and notes to financial statements.

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2020 and 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization: Raleigh-Cary Jewish Federation, Inc. (the Organization/RCJF) was organized in Wake County, North Carolina, in 1987 as a nonprofit corporation. The Organization was established for the purpose of supporting Jewish charities in local, state, national, and global communities.

Program Services: The Organization derives its support and revenue largely from pledges, contributions, grants, sponsorships, and program fees. Programs supported by the Organization include the following:

Jewish Community Center: Provides programs and services to children, teens, adults and seniors.

Jewish Family Services: Dedicated to meeting the human service needs of the Jewish community.

Jewish Community Relations Council (JCRC): Provides education and advocacy as a liaison with the general community.

Jewish Community Foundation: Enables members of the community to create a lasting legacy in the community. Significant donations are invested and disbursed as directed by donors or by a committee of RCJF to fund various causes within the community.

Kahn Community Campus: The David R. Kahn Community Campus hosts the Jewish Community Center and an open facility for the community to utilize. (Refer also to *Note D--Fixed Assets*.)

Community Engagement: Programs and events that promote community engagement and develop community leaders.

Facilities (2019/2020 included in Kahn Community Campus): The running and management of facilities that host the Organization's programs, with an emphasis on operating efficiencies, security, and maximization of revenue potential.

Basis of Accounting: The Organization uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Adoption of ASU 2014-09: Effective January 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method of transition. The core principle of the guidance in ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The standard also requires additional disclosures related to contracts with customers. The adoption of ASU 2014-09 resulted in no changes in revenues recognized for the year ended December 31, 2020.

Net Assets: The Organization's net assets are presented in the following classes:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. At December 31, 2020 and 2019, the Organization's net assets without donor restrictions include net assets of \$390,498 and \$407,959, respectively, held under donor-advised funds.

Net Assets With Donor Restrictions: Net assets that are subject to restrictions imposed by donors and grantors. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that require resources to be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Raleigh-Cary Jewish Federation, Inc.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recognition of Support: Promises to give, including pledges, contributions, and grants to the Organization are generally considered nonreciprocal transactions and are recognized as support when conditions, if any, have been met. A condition exists if the agreement with the donor includes a barrier that must be overcome and either a right of return of assets transferred or a right of release from the donor's obligation to transfer assets. Grants and contributions requiring a match are considered conditional until the match is satisfied, wholly or in part, as defined by agreement. Cost-reimbursement grants are considered conditional until qualifying expenditures are incurred. Event sponsorships are considered conditional until the event is held. Amounts received in advance of conditions being met are included in deferred support in the statement of financial position. Support from unconditional grants and contributions is recognized as an increase in either net assets without donor restrictions or net assets with donor restrictions, based on the absence or presence of any donor-imposed restrictions.

Forgivable PPP Loan: The Organization has elected to account for a *forgivable* loan received under the Paycheck Protection Program (PPP), a program administered through the U.S. Small Business Administration and created with the enactment of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) as conditional financial assistance, in accordance with ASC Subtopic 958-605. Financial assistance of \$217,100 was recognized in 2020, based on the incurrence of qualifying expenses. Refer also to *Note N--Commitments and Contingencies* as pertains to COVID-19.

Donated Fixed Assets: Donations of fixed assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as donor-restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Donations received in connection with capital campaigns are generally reclassified to net assets without donor restrictions as related expenditures are incurred.

Donated Marketable Securities: Donated marketable securities are recorded as contributions in the amount of proceeds, net of brokerage fees, when sold just after donation.

Donated Services: Donated services are recognized as contributions if the services (a) create nonfinancial assets and (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Donated services are valued at the estimated fair value of such services or what the Organization would have had to pay for the donated services if such services had been purchased.

Recognition of Revenue: The Organization recognizes revenue from exchange transactions when performance obligations are satisfied, in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization's primary revenue sources that are accounted for as exchange transactions include membership dues, program fees, and facilities rental income.

JCC membership dues are recognized as revenue in the applicable membership period. Dues and benefits vary across membership levels, but are generally believed to be commensurate in value. Benefits may include discounts on Camp JCC, summer pool access, swim team eligibility, and/or use of the courts for open play. Member benefits are considered to represent a single performance obligation satisfied upon the collection of dues, at which point control of member benefits transfers to the member and revenue is recognized. Dues collected in advance of the membership period are recognized as deferred revenue on the statement of financial position.

Program fees for summer camps and other events are recognized as the services are provided or when the related events are held. Facilities rental income is recognized ratably over the lease term. Program fees and rental income collected in advance are included in deferred revenue in the statement of financial position.

Cash Equivalents: The Organization considers all highly liquid investments having a maturity of three months or less when purchased to be cash equivalents.

Raleigh-Cary Jewish Federation, Inc.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Pledges Receivable: Pledges at December 31, 2020, include capital campaign pledges of \$697,879 due from various individuals. Pledges of \$10,000 or more due beyond one year are recorded at the net present value of the estimated future cash flows using a discount factor of 4%. Noncurrent pledges receivable at December 31, 2020 and 2019 are net of an unamortized discount of \$50,736. The Organization provides for potentially uncollectible pledges using the allowance method. Outstanding receivables are unsecured. (Refer also to *Note C--Pledges Receivable/Conditional Promises* and *Note K--Concentrations of Credit Risk*.)

Investments: The Organization's investments are part of a pooled portfolio managed by the Jewish Foundation of Greensboro, a constituent agency of the Greensboro Jewish Federation. The Organization's share of the portfolio is carried at fair value based on quoted market prices, as reported by the Jewish Foundation of Greensboro for each donor fund. At December 31, 2020, the pooled portfolio's holdings approximated the following: cash (6%), fixed income securities (35%), and equities (59%). Investments are subject to market fluctuations and, therefore, are not insured against loss.

Certain funds invested with the Jewish Foundation of Greensboro were held under agency on behalf of Beth Meyer Synagogue. The Organization has neither title nor variance power over funds held under agency; therefore, these invested assets are also recognized as a liability in the accompanying statements of financial position. As of October 1, 2021, these funds were no longer held in agency.

Net investment income, as reported in the accompanying financial statements, includes investment earnings, realized and unrealized gains and losses (disclosed in statements of cash flows), and a reduction for fees of \$11,360 and \$11,967 in 2020 and 2019, respectively. Net investment income generated by endowment funds is recognized in a net asset class based on the donor's expressed intent. (The accompanying statements of activities exclude investment activity for investments held under agency.)

Refer also to *Note I--Net Assets With Donor Restrictions, Held Under Endowments* and *Note J--Fair Value Measurements*.

Fixed Assets: Fixed assets are carried at cost or at fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Fixed asset purchases of less than \$2,500 are generally expensed when incurred.

Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Beneficial Interests in Gifts Held by Others: The Organization has been named by certain donors as beneficiary of the residuum interest in certain irrevocable gift annuity trusts held by others. The Organization recognizes the present value of its beneficial interest in these agreements in the period the trust is established, or upon notification of the existence of the trust if notification is given in a later period. The present value is calculated based on donor life expectancy, using applicable mortality tables and discount rates. Beneficial interests of \$12,352 and \$11,658 are included in *other assets* at December 31, 2020 and 2019, respectively.

Cash Surrender Value of Life Insurance: Certain donors have named the Organization as beneficiary of life insurance policies. Premiums are paid directly by the Organization, but only with funds provided by the donor. The cash surrender values of these policies of \$77,215 at December 31, 2020 and 2019, are included in net assets with donor restrictions (and *other assets*) in the accompanying financial statements. (Refer also to *Note H--Net Assets With Donor Restrictions, Other Than Endowments*.)

Raleigh-Cary Jewish Federation, Inc.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Interests in Estates: Certain individuals have expressed intent to give a portion of their estate to the Organization. Because these agreements are generally revocable during the donor's lifetime, the Organization recognizes such as contributions only after the death of the donor and after a court's ruling as to the validity of the will.

Fair Value of Financial Instruments: The carrying values of cash equivalents, receivables due within one year, accounts payable, and other accrued liabilities are considered to approximate the fair values of such given the short-term maturities of these financial instruments. Pledges receivable due beyond one year are carried net of a discount as described herein, resulting in a carrying value that approximates fair value. The carrying value of long-term debt approximates the fair value of such given that interest rates approximate market rates for debt with similar terms and remaining maturities. (Refer also to Note A as pertains to *Investments* and *Note J--Fair Value Measurements*.)

Tax-Exempt Status: The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and applicable state tax statutes, except on net income, if any, derived from unrelated business activities. The Organization had no income subject to taxation as unrelated business income in 2020 and 2019.

The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Code.

Management is not aware of any tax position taken that requires disclosure based on current facts and circumstances. The Organization reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Expenses: The Organization allocates certain expenses on a functional basis between program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Certain indirect expenses are allocated to program and support services based on estimated usage and/or benefit. Support services include expenses for management and general and fundraising/development. Fundraising relates primarily to campaigns and other events designed to generate support. Development includes the process of tracking, collecting, and disbursing funds within the parameters of the related campaigns and/or events.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 period. Actual results could differ from those estimates.

Reclassifications: Certain amounts in the accompanying financial statements for 2019 have been reclassified to conform to the 2020 presentation.

Upcoming Adoption of New Accounting Standards: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Accounting requirements for lessors are largely unchanged. The new standard is effective for fiscal years beginning after December 15, 2021, as deferred by ASU 2020-05. The standard provides for a modified retrospective transition approach for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Entities are also allowed to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard, including amendments thereto, on the Organization's financial statements.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

ASU 2020-07: In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. ASU 2020-07 also requires the presentation of certain disaggregated information by category based on the types of contributed nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and should be applied on a retrospective basis. Management is currently evaluating the impact of the pending adoption of the new standard on the Organization's financial statements.

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within a year:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end (cash, net receivables, and investments)	\$ 3,619,306	\$ 3,723,063
Less those unavailable for general expenditures within one year:		
Kahn Community Campus:		
Cash	(185,499)	(290,669)
Pledges receivable, net	(638,162)	(657,379)
Investments held in agency	(1,320,491)	(1,270,842)
Held under endowments	(550,340)	(511,829)
With donor restrictions, non-endowed	(182,616)	(172,715)
Held under donor-advised funds	(390,498)	(407,959)
Deferred support	<u>(39,600)</u>	<u>(20,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>312,100</u>	\$ <u>391,670</u>

At December 31, 2020, the Organization also has the capacity to borrow \$27,000 on a bank line of credit, as described in *Note E* herein.

NOTE C -- PLEDGES RECEIVABLE / CONDITIONAL PROMISES

Pledges receivable are expected to be collected as follows at December 31, 2020:

2021	\$ 307,494
2022	186,563
2023	139,106
2024	146,754
Thereafter	<u>0</u>
	779,917
Less: Unamortized discount	(50,736)
Less: Allowance for uncollectible pledges	<u>(50,000)</u>
	\$ <u>679,181</u>

Conditional Promises: At December 31, 2020, conditional promises to give (to the Organization) include a \$100,000 reimbursement grant to be used for security equipment. The grant term is scheduled to expire on August 31, 2023.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE D -- FIXED ASSETS (including subsequent events)

Fixed assets consist of the following:

	December 31,	
	2020	2019
Land	\$ 2,355,839	\$ 2,355,839
Land improvements	1,192,028	1,186,974
Buildings and improvements	3,220,302	3,114,154
Vehicles	18,500	40,771
Office equipment	83,152	83,152
Furniture and fixtures	86,170	79,720
KCC expansion project (construction in progress)*	45,713	45,713
	7,001,704	6,906,323
Less: Accumulated depreciation	(1,294,892)	(1,101,331)
	\$ 5,706,812	\$ 5,804,992

*not yet depreciable

The David R. Kahn Community Campus Expansion Project: The Organization has been involved in an expansion project that includes the renovation of existing structures and construction of new facilities at its David R. Kahn Community Campus. The Organization contracted with Samet Construction in December 2016 to build two multipurpose athletic fields, covered sport courts, new parking areas, roadways and certain site improvements for a three-phase project with an estimated price of \$10 million. While new estimates have not been obtained, it is anticipated that construction costs will likely be 25% higher than originally planned due to supply chain limitations and labor shortages resulting from the COVID-19 pandemic.

Phase 1 site work and parking lots were largely completed in October 2018. The balance of Phase 1 work was completed concurrently with Phase 2 building completion. Total costs for Phase 1 approximated \$2.1 million.

Phase 2 includes the building of a metal sports court with approximately 15,500 square feet. Phase 2 was completed in September 2019 at a cost of less than \$1.3 million. Phase 2b includes additional campus enhancements such as lighting, fencing, security cameras, etc. Phase 2b is estimated to have a maximum cost of \$800,000 and will span from 2019 to 2024. It is anticipated that security related expenses from Phase 2b will be covered by federal grants issued by the U.S. Department of Homeland Security, passed through the N.C. Department of Public Safety-Emergency Management (DPS). To recap, the following Homeland Security grants have been approved, yet the money does not convey to the Organization until the money has been spent and request for reimbursement with appropriate documentation is submitted to DPS.

The following DPS grants have been awarded to the Organization as of December 31, 2020, or subsequent thereto:

2018	\$100,000	Security camera system and physical access system installation on campus
2020	\$100,000	Lighting installation on portions of 30-acre campus, security personnel
2021	\$150,000	Lighting installation on portions of 30-acre campus, physical barriers to campus
2022	\$150,000	Lighting installation on portions of 30-acre campus, parking barrier walls

Phase 2C will include additional requested facility improvements, such as several picnic pavilions (\$75,000 each), storage facilities (\$50,000), improved archery range (\$40,000), improvements to the pavilion which include storm curtains (\$120,000), infrared heating (\$60,000), divider curtains (\$20,000), score boards (\$15,000), and Wi-Fi controls for basketball goals and lights (\$10,000). These improvements will only be added if there is associated funding for the project. A children's playground installation was completed in late 2022 with funds earmarked by a donor for this sole purpose (\$150,000).

Phase 3 includes a multipurpose office and programming building with approximately 16,000 square feet and an estimated cost of over \$6 million. The timing of this phase is still to be determined and is dependent upon two primary factors - the retirement of the Organization's current debt load and adequate fundraising to support this project.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE D -- FIXED ASSETS (including subsequent events) -- Continued

The project will be financed with proceeds from campaign-specific donor pledges and, minimally, from proceeds from long-term bank borrowings. Campaign proceeds will also be used to retire the related debt. (Refer also to *Note F--Long Term Debt* as pertains to the construction loan.) If at least 70% of a phase is not covered by committed donor pledges, the phase will be delayed until such time that the condition has been met.

Assets Held under a Capital Lease: In March 2018, the Organization entered into a 60-month capital lease for office equipment. Remaining lease payments total \$9,905 (including interest) at December 31, 2020, and are payable monthly through February 2023.

Fixed assets at December 31, 2020, include the following assets held under a capital lease:

Office equipment	\$ 17,665
Less: Accumulated amortization	<u>(10,010)</u>
	<u>\$ 7,655</u>

NOTE E -- BANK LINE OF CREDIT (including subsequent events)

The Organization has access to a \$200,000 bank line of credit, subject to renewal in April 2021. The revolving line requires monthly payments of interest at prime minus one-half of one percent, subject to a minimum rate of 3.75% (in effect at December 31, 2020), and is secured by a Negative Pledge Agreement. The outstanding balance on the line was \$173,000 and \$50,000 at December 31, 2020 and 2019, respectively.

In April 2021, the line of credit was converted to a \$300,000 bank line of credit, subject to renewal in May 2023. The revolving line requires monthly payments of interest at prime minus one-half of one percent, subject to a minimum rate of 3.75% (in effect at December 31, 2020), and is secured by a Negative Pledge Agreement. (Refer also to *Subsequent Events* in Note F herein.)

In May 2023, the \$300,000 line of credit was extended through August 13, 2023. At the date the financial statements were available to be issued, the revolving line had no outstanding balance. Management expects the line to be extended further upon issuance of the accompanying financial statements, as well as the Organization’s audited financial statements for 2021.

NOTE F -- LONG-TERM DEBT (other than revolving line of credit/including subsequent events)

Long-term debt is summarized as follows:

	December 31,	
	<u>2020</u>	<u>2019</u>
Note payable to bank, dated December 15, 2016, providing for draws up to \$630,000, all of which were taken prior to December 31, 2017. As modified on October 10, 2018, the note bears interest at 3.35%, requires 43 monthly principal and interest payments of approximately \$4,752 and 1 final payment of the entire balance due of approximately \$327,790 (if payments are not accelerated) on June 15, 2022. Secured by certain land and buildings as represented in a Negative Pledge Agreement. Refer also to <i>Subsequent Events</i> on the following page.	\$ 393,120	\$ 435,941

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE F -- LONG-TERM DEBT (other than revolving line of credit/including subsequent events) -- Continued

Long-term debt is summarized as follows (as continued):

	December 31,	
	<u>2020</u>	<u>2019</u>
Bank construction loan, dated December 17, 2015, providing for draws of up to \$2,500,000 in connection with the Kahn Community Campus Expansion Project. As modified on December 20, 2018, draws may be taken through January 25, 2022. The note, as modified, bears interest at 3.50%, requires monthly interest-only payments through December 2021, 83 monthly principal and interest payments of \$33,600 (if fully drawn) beginning in January 2022, and 1 final payment in December 2028. Subject to certain prepayment penalties through December 2021. Secured by certain land and buildings as represented in a Negative Pledge Agreement. Refer also to <i>Subsequent Events</i> below.	2,216,678	2,316,678
Note payable to bank, dated October 10, 2018, providing for draws up to \$375,000. The note bears interest at 4.65% and requires monthly payments of principal and interest of approximately \$3,926 through December 2028. Subject to certain prepayment penalties within three years of date of loan. Secured by certain land and buildings as represented in a Negative Pledge Agreement. Note proceeds are to be used solely for the Organization's business operations, unless bank agrees otherwise. Refer also to <i>Subsequent Events</i> below.	<u>315,333</u> 2,925,131	<u>346,720</u> 3,099,339
Less: Current portion	<u>(79,761)</u>	<u>(74,778)</u>
	<u>\$ 2,845,370</u>	<u>\$ 3,024,561</u>

Interest expense on borrowings approximated \$115,318 and \$73,326 in 2020 and 2019, respectively.

Principal maturities on long-term debt are as follows at December 31, 2020:

2021	\$ 79,761
2022	710,427
2023	375,200
2024	388,979
2025	403,269
Thereafter	<u>967,495</u>
	<u>\$ 2,925,131</u>

Subsequent Events: On October 13, 2021, the Organization entered into a \$950,000 note payable to bank. Proceeds of approximately \$846,300 were used to pay-off the aforementioned operating notes payable, as well as the bank line of credit described in Note E herein, with proceeds of approximately \$103,700 paid to the Organization for its general use. The \$950,000 note bears interest at 2.90%, requires 59 monthly principal and interest payments of approximately \$9,148, and a final payment estimated at \$518,973 on October 13, 2026. The note is subject to certain prepayment penalties within three years of the loan date (unless waived as provided by agreement) and is secured by certain land and buildings as represented in a Negative Pledge Agreement.

The aforementioned construction loan was modified on January 12, 2022. The note, as modified, bears interest at 2.95%, requires monthly interest-only payments through January 12, 2025, monthly principal and interest payments of approximately \$13,298 beginning in February 2025, and a final payment on January 12, 2027. At the date of modification, approximately \$182,736 was available to be funded during the interest-only phase which expires January 12, 2025.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE G -- DONOR-ADVISED FUNDS

Donor-advised funds of \$390,498 and \$407,959 are included in net assets without donor restrictions at December 31, 2020 and 2019, respectively. Although grant recommendations are accepted from donors or other advisors of these funds, the Organization has variance power. Therefore, the ultimate discretion as to the use of these funds lies with the Organization's Board of Directors.

NOTE H -- NET ASSETS WITH DONOR RESTRICTIONS, OTHER THAN ENDOWMENTS

Net assets with donor restrictions, other than endowments, were released from restrictions upon satisfaction of the following purpose restrictions:

	Years Ended December 31,	
	<u>2020</u>	<u>2019</u>
Kahn Community Campus-capital expenditures	\$ 113,053	\$ 910,495
Kahn Community Campus-other expenditures	19,588	0
Jewish women's causes	0	34,500
Grants:		
Jewish Family Services	122,579	67,162
Jewish Community Relations Council	50,000	0
Jewish Community Center	0	3,925
Other	<u>0</u>	<u>32,777</u>
	<u>\$ 305,220</u>	<u>\$ 1,048,859</u>

Net assets with donor restrictions, other than endowments, are available for the following purposes:

	December 31,	
	<u>2020</u>	<u>2019</u>
Donor restrictions - temporary in nature:		
Kahn Community Campus	\$ 0	\$ 0
Jewish women's causes	141,548	133,896
Grants:		
Jewish Family Services	12,000	26,681
Jewish Community Relations Council	0	50,000
Other	53,421	50,478
Donor restrictions - perpetual in nature:		
Cash surrender value of life insurance policies	<u>77,215</u>	<u>77,215</u>
	<u>\$ 284,184</u>	<u>\$ 338,270</u>

NOTE I -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS

Regulations/Standards Governing Endowment Funds: FASB ASC 958-205 provides guidance on the net asset classification of board-designated and donor-restricted endowment funds held by nonprofit organizations, subject to an enacted version of UPMIFA (the *Uniform Prudent Management Institutional Funds Act*). The Organization holds only donor-restricted endowment funds. Therefore, unless stated otherwise in the gift instrument, assets held under endowments are considered donor-restricted assets until appropriated for expenditure by the Organization. Endowment net assets are disaggregated further as to which amounts are subject to appropriation by the Organization or to investment in perpetuity. The Organization considers the following to be subject to investment in perpetuity: (1) the original value of gifts donated to endowments, (2) the original value of subsequent gifts to endowments, and (3) accumulations to endowments made in accordance with the direction of the applicable donor gift instruments. Net investment income is considered available for appropriation unless otherwise directed by the gift instrument.

Raleigh-Cary Jewish Federation, Inc.

NOTE I -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS -- Continued

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of those endowment assets over the long-term. The Organization's investment portfolio relies on diversification of assets (refer to Note A for portfolio mix percentages) to achieve its long-term return objectives within prudent risk parameters. The return objective and spending policy are reviewed and approved annually by the Board coincident with approval of the budget for the following fiscal year.

The majority of the Organization's endowment agreements contain donor restrictions as to the use of investment income. At December 31, 2020, endowment net assets of \$38,286 and \$71,306 are subject to appropriation for an annual lecture and scholarships, respectively. Endowment net assets of \$7,424 at December 31, 2020, may be appropriated for general operations.

The composition of endowment net assets by fund type is as follows at December 31, 2020:

	<u>Subject to Appropriation</u>	<u>Subject to Investment in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds:			
General operations	\$ 7,424	\$ 30,559	\$ 37,983
Scholarships	71,306	377,765	449,071
Annual lecture	38,286	25,000	63,286
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>
Total endowment funds, December 31, 2020	<u>\$ 117,016</u>	<u>\$ 433,324</u>	<u>\$ 550,340</u>
Endowment net assets, December 31, 2019	\$ 84,051	\$ 427,778	\$ 511,829
Investment return, net*	32,965	0	32,965
Contributions	0	5,546	5,546
Appropriated for expenditure	<u>0</u>	<u>0</u>	<u>0</u>
Endowment net assets, December 31, 2020	<u>\$ 117,016</u>	<u>\$ 433,324</u>	<u>\$ 550,340</u>

*net management fees of \$5,067.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE I -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS -- Continued

The composition of endowment net assets by fund type is as follows at December 31, 2019:

	<u>Subject to Appropriation</u>	<u>Subject to Investment in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds:			
General operations	\$ 5,011	\$ 25,013	\$ 30,024
Scholarships	44,518	377,765	422,283
Annual lecture	34,522	25,000	59,522
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>
Total endowment funds, December 31, 2019	<u>\$ 84,051</u>	<u>\$ 427,778</u>	<u>\$ 511,829</u>
Endowment net assets, December 31, 2018	\$ 33,988	\$ 423,944	\$ 457,932
Investment return, net*	71,081	0	71,081
Contributions	0	3,834	3,834
Appropriated for expenditure	<u>(21,018)</u>	<u>0</u>	<u>(21,018)</u>
Endowment net assets, December 31, 2019	<u>\$ 84,051</u>	<u>\$ 427,778</u>	<u>\$ 511,829</u>

*net management fees of \$4,992.

NOTE J -- FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE J -- FAIR VALUE MEASUREMENTS -- Continued

Assets measured at fair value on a recurring basis by the Organization at December 31, 2020 and 2019 are as follows:

		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>December 31, 2020</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash equivalents:				
Certificate of deposit	\$ 1,017	\$ 0	\$ 1,017	\$ 0
Investments	2,517,223	2,517,223	0	0
Pledges receivable, noncurrent	421,687	0	421,687	0
Other assets	89,567	0	89,567	0
	<u>\$ 3,029,494</u>	<u>\$ 2,517,223</u>	<u>\$ 512,271</u>	<u>\$ 0</u>
<u>December 31, 2019</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash equivalents:				
Certificate of deposit	\$ 1,017	\$ 0	\$ 1,017	\$ 0
Investments	2,434,307	2,434,307	0	0
Pledges receivable, noncurrent	565,056	0	565,056	0
Other assets	88,873	0	88,873	0
	<u>\$ 3,089,253</u>	<u>\$ 2,434,307</u>	<u>\$ 654,946</u>	<u>\$ 0</u>

Level 1: The Organization's investments are part of a pooled portfolio managed by the Jewish Foundation of Greensboro, a constituent agency of the Greensboro Jewish Federation. The Organization's share of the portfolio is carried at fair value based on quoted market prices, as reported by the Jewish Foundation of Greensboro for each donor fund. At December 31, 2020, the pooled portfolio's holdings approximated the following: cash (6%), fixed income securities (35%), and equities (59%). At December 31, 2019, the pooled portfolio's holdings approximated the following: cash (3%), fixed income securities (34%), and equities (63%).

Level 2: The certificate of deposit is carried at face value plus accrued interest which approximates the fair value of such. Pledges receivable due beyond one year are discounted using present value techniques (as described further in Note A herein), resulting in carrying values that approximate the fair values of these receivables. Fair values for the cash surrender value of life insurance policies (included in other assets) are estimated using the face value, premium amounts, interest rate and age of insured. Fair values for charitable gift annuities (included in other assets) are estimated using the contribution amount, annuity amount, interest rate and age of insured. These are considered to be Level 2 observable inputs.

At December 31, 2020 and 2019, the Organization has no assets or liabilities classified within Level 3 of the fair value hierarchy.

Raleigh-Cary Jewish Federation, Inc.

NOTE K -- CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Organization to the potential concentration of credit risk consist primarily of bank deposits and pledges receivable. Bank holdings are eligible for up to \$250,000 of FDIC insurance coverage per account holder, per bank. At December 31, 2020, bank holdings exceeded federally insured limits by approximately \$141,000.

Approximately 82% of Kahn Community Campus pledges receivable at December 31, 2020, is due under three pledge agreements from individuals.

NOTE L -- OPERATING LEASE (including subsequent events)

The Organization leases office space under an operating lease scheduled to expire, if not extended, on December 31, 2020. The lease was subsequently extended through December 31, 2021, and again through December 31, 2022. Rent expense totaled \$26,400 and \$22,800 in 2020 and 2019, respectively. In November 2022, the Organization renewed the lease through December 31, 2024, subject to a 3% annual increase. Future minimum rentals under the lease, including subsequent renewals, are as follows:

2021	\$ 27,192
2022	28,008
2023	28,848
2024	29,713
Thereafter	<u>0</u>
	<u>\$ 113,761</u>

NOTE M -- RETIREMENT PLAN

The Organization sponsors a tax-deferred SIMPLE IRA retirement plan on behalf of its employees. All employees earning at least \$5,000 per calendar year are eligible to participate in the plan. The Organization will contribute a monthly matching contribution equal to the employee's contribution up to a maximum of 3% of the employee's compensation. Each employee may make additional contributions to the plan up to the maximum allowed by law. The Organization contributed approximately \$7,992 and \$9,833 to the retirement plan for the years ended December 31, 2020 and 2019, respectively.

NOTE N -- COMMITMENTS AND CONTINGENCIES (including subsequent events)

COVID-19: On March 11, 2020, the World Health Organization declared COVID-19 a global health pandemic. The State of North Carolina operated under a "Stay at Home" order from March 27, 2020 to May 8, 2020 during which time only *essential* service providers were permitted to have their employees continue to work on-site. The Organization closed its offices effective March 13, 2020, and remained closed except for certain authorized personnel. Staff worked remotely through second quarter 2021 to provide program and support services to clients via phone, video conferences, and e-mail. From May 2020 through June 2021, the Organization held very limited programming activities on-site, all of which were in compliance with North Carolina state mandates at the time. As vaccines became more accessible, rates of vaccination increased and COVID-19 cases stabilized, the State lifted some of its COVID-19 restrictions on June 1, 2021. These included mandatory social distancing, capacity and mass gathering restrictions.

Due to COVID-19 uncertainties, the Organization applied for, and received, a *forgivable loan* under the Paycheck Protection Program (PPP), a program administered through the U.S. Small Business Administration and created with the enactment of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). A loan of \$217,100 was approved on April 15, 2020 and funded on April 24, 2020. Management used the PPP loan to fund eligible payroll and other qualifying expenses within twenty-four weeks of receipt. Financial assistance of \$217,100 was recognized in 2020, based upon the incurrence of qualifying expenses. An application for PPP forgiveness was submitted in August 2021. The loan was forgiven in full on August 21, 2021. Refer also to Note A herein as pertains to *Forgivable PPP Loan*.

Raleigh-Cary Jewish Federation, Inc.

NOTE N -- COMMITMENTS AND CONTINGENCIES (including subsequent events)--Continued

The 2020 opening of the Organization's summer camp program was delayed and the number of registrations accepted was limited in response to the pandemic. Sports fields were closed for rental from March to April 2020. Other programming or fundraising events were cancelled or converted to virtual events. JCC member dues and contributions from businesses and individuals were also down in 2020. However, the PPP loan proceeds helped to mitigate a small portion of the effects of these lost revenues.

The Organization applied for a second draw of \$204,900 from the Paycheck Protection Program in April 2021. The application was approved; however, funding for this program was exhausted prior to the Organization receiving its loan.

The Organization extended much of its COVID-19 protocols through a good portion of 2021 including a vaccine mandate for JCC campers (summer and school's out camp days). Community support and program income increased in 2021; however, as the Organization moved into 2022, it had yet to fully recover from the impacts of the pandemic.

In November 2022, the Organization, with assistance from a tax and business consulting firm, submitted an application for the Employee Retention Credit (ERC). The ERC program was first introduced as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in 2020, and was updated by the Consolidated Appropriations Act in 2021, to provide relief to qualifying employers who retained employees during the COVID-19 pandemic. In May 2023, the Organization received a net ERC refund of approximately \$275,000, that the Organization intends to use as a cash reserve for general operations.

NOTE O -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 14, 2023, the date on which the financial statements were available to be issued. No further adjustments to or disclosures in the financial statements are considered necessary.