JCC Association of North America

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2019 and 2018

MARKS PANETH

ACCOUNTANTS & ADVISORS

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2019 AND 2018

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jewish Community Centers Association of North America

We have audited the accompanying financial statements of Jewish Community Centers Association of North America (the "Association"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements in March 2020, the World Health Organization declared COVID-19 as a pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated as this time. Our opinion is not modified with respect to this matter

Marks Paneth LLP

New York, NY
June 4, 2020

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Notes 2D and 15)	$ 676,104	$ 1,106,340
Accounts receivable - net (Note 2F)	792,468	964,728
Contributions receivable - net (Notes 2E and 5)	1,705,767	1,794,530
Prepaid expenses and other assets (Note 10)	803,018	550,432
Investments, at fair value (Notes 2H, 4, 13 and 14)	21,077,545	19,128,321
Property and equipment - net (Notes 2G and 6)	752,691	733,823
TOTAL ASSETS	$ 25,807,593	$ 24,278,174
LIABILITIES		
Accounts payable and accrued expenses (Note 7)	$ 856,002	$ 773,064
Accrued salaries and vacation (Note 2I)	246,562	533,534
Deferred revenue (Note 2I)	450,360	538,653
Deferred rent (Notes 2J and 11A)	930,655	999,836
Accrued pension benefits (Notes 2H, 2L and 8)	4,245,798	4,231,291
Accrued non-pension postretirement benefits (Notes 2H, 2L and 9)	1,013,576	1,016,499
Accrued supplemental pension and retirement benefits (Notes 2H and 10)	258,330	251,431
TOTAL LIABILITIES	8,001,283	8,344,308
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2C)		
Without donor restrictions:		
Deficit from operations (Note 16)	(3,309,343)	(2,457,879)
Net investment in property and equipment	752,691	733,823
Pension and non-pension postretirement component (Notes 2K, 8 and 9)	(5,259,374)	(5,247,790)
Total deficit without donor restrictions (Note 16)	(7,816,026)	(6,971,846)
With donor restrictions:		
Restricted for time and purpose	10,053,973	6,615,726
Perpetual in nature (Note 13)	15,568,363	16,289,986
Total with donor restrictions (Note 12)	25,622,336	22,905,712
TOTAL NET ASSETS	17,806,310	15,933,866
TOTAL LIABILITIES AND NET ASSETS	$ 25,807,593	$ 24,278,174

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
OPERATING REVENUE AND SUPPORT						
Constituent center dues	$ 5,761,501	$ -	$ 5,761,501	$ 5,248,994	$ -	$ 5,248,994
Contributions, grants, and bequests (Note 2E)	25,500	2,412,595	2,438,095	580,150	1,319,262	1,899,412
Program and seminar fees, including contribution portion	3,796,658	-	3,796,658	3,669,000	-	3,669,000
Board and other annual giving	776,918	97,900	874,818	743,925	131,000	874,925
National Funding Council and federations support	482,537	201,248	683,785	789,085	201,248	990,333
Investment income used for operations (Note 13)	51,139	874,789	925,928	17,707	856,141	873,848
Rent income (Note 11)	346,049	-	346,049	295,841	-	295,841
Grants and other	541,027	19,664	560,691	544,822	24,336	569,158
Net assets released from restrictions (Notes 2B and 13)	3,242,332	(3,242,332)	-	4,528,131	(4,528,131)	-
TOTAL OPERATING REVENUE AND SUPPORT	15,023,661	363,864	15,387,525	16,417,655	(1,996,144)	14,421,511
OPERATING EXPENSES (Note 2L)						
Program services:						
Program enrichment	5,260,283	-	5,260,283	4,290,315	-	4,290,315
Community consultation	1,662,694	-	1,662,694	2,156,109	-	2,156,109
Personnel development	771,555	-	771,555	857,402	-	857,402
Direct service to the military	499,316	-	499,316	723,612	-	723,612
Jewish educational services	3,043,052	-	3,043,052	3,614,388	-	3,614,388
Total program services	11,236,900	-	11,236,900	11,641,826	-	11,641,826
Supporting services:						
Management and general	3,506,602	-	3,506,602	3,265,896	-	3,265,896
Fundraising	1,132,749	-	1,132,749	702,942	-	702,942
Total supporting services	4,639,351	-	4,639,351	3,968,838	-	3,968,838
TOTAL OPERATING EXPENSES	15,876,251	-	15,876,251	15,610,664	-	15,610,664
(DEFICIT) EXCESS OF OPERATING REVENUE AND SUPPORT OVER OPERATING EXPENSES (Note 2K)	(852,590)	363,864	(488,726)	806,991	(1,996,144)	(1,189,153)
NON-OPERATING ACTIVITY (Note 2K)						
Investment activity (Notes 4 and 13)	51,139	3,227,549	3,278,688	17,707	(1,282,689)	(1,264,982)
Less: amount used for operations (Note 4)	(51,139)	(874,789)	(925,928)	(17,707)	(856,141)	(873,848)
Investment activity over amounts used for operations	-	2,352,760	2,352,760	-	(2,138,830)	(2,138,830)
TOTAL NON-OPERATING ACTIVITY	-	2,352,760	2,352,760	-	(2,138,830)	(2,138,830)
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(852,590)	2,716,624	1,864,034	806,991	(4,134,974)	(3,327,983)
Pension and post-retirement changes other than net periodic costs (Notes 8 and 9)	8,410	-	8,410	573,150	-	573,150
TOTAL CHANGE IN NET ASSETS	(844,180)	2,716,624	1,872,444	1,380,141	(4,134,974)	(2,754,833)
Net assets (deficit) - beginning of year	(6,971,846)	22,905,712	15,933,866	(8,351,987)	27,040,686	18,688,699
NET ASSETS (DEFICIT) - END OF YEAR (Note 13)	$ (7,816,026)	$ 25,622,336	$ 17,806,310	$ (6,971,846)	$ 22,905,712	$ 15,933,866

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

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Program Services						Supporting Services				
	Program Enrichment	Community Consultation	Professional Development	Direct Service to Military	Jewish Education Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2019	Total 2018
Salaries	$ 2,243,689	$ 1,002,803	$ 359,267	$ 271,676	$ 714,150	$ 4,591,585	$ 1,005,697	$ 654,078	$ 1,659,775	$ 6,251,360	$ 6,135,892
Payroll taxes and employee benefits (Notes 8, 9 and 10)	650,251	285,433	104,644	79,129	270,232	1,389,689	302,579	194,556	497,135	1,886,824	2,044,917
Total Salaries and Related Costs	2,893,940	1,288,236	463,911	350,805	984,382	5,981,274	1,308,276	848,634	2,156,910	8,138,184	8,180,809
Supplies and program materials	144,536	10,958	20,542	28,968	30,542	235,546	5,419	11,808	17,227	252,773	281,201
Rent and maintenance (Notes 2J and 11A)	31,829	11,955	5,194	3,928	28,484	81,390	1,012,519	7,521	1,020,040	1,101,430	1,100,354
Staff transportation and travel	361,015	80,743	29,907	35,493	37,794	544,952	82,403	21,670	104,073	649,025	522,778
Telephone	8,872	3,311	490	1,682	4,336	18,691	27,660	1,292	28,952	47,643	34,605
Conference, conventions, meetings and project costs	1,151,322	1,978	33,405	40,652	1,732,120	2,959,477	40,835	15,158	55,993	3,015,470	3,384,010
Scholarship and grants	137,333	-	91,400	-	118,829	347,562	680	65,000	65,680	413,242	318,910
Postage and shipping	9,504	605	831	6,432	612	17,984	2,919	8,803	11,722	29,706	36,446
Computer expenses	55,363	11,132	772	584	6,498	74,349	95,481	3,093	98,574	172,923	161,366
Other	19,874	774	3,527	2,627	7,983	34,785	154,831	7,657	162,488	197,273	222,775
Consultants and other professional fees	379,349	230,675	112,107	9,155	58,544	789,830	218,950	128,531	347,481	1,137,311	868,039
Membership dues	452	794	25	3,019	806	5,096	51,583	36	51,619	56,715	52,785
Marketing	5,173	-	89	8,897	-	14,159	-	-	-	14,159	21,281
Insurance	27,773	10,431	4,532	3,427	16,199	62,362	29,867	6,562	36,429	98,791	94,085
Bad debt expense	-	-	-	-	-	-	443,390	-	443,390	443,390	198,632
Depreciation and amortization	33,948	11,102	4,823	3,647	15,923	69,443	31,789	6,984	38,773	108,216	132,588
TOTAL EXPENSES	$ 5,260,283	$ 1,662,694	$ 771,555	$ 499,316	$ 3,043,052	$ 11,236,900	$ 3,506,602	$ 1,132,749	$ 4,639,351	$ 15,876,251	$ 15,610,664

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

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services			
	Program Enrichment	Community Consultation	Personnel Development	Direct Service to Military	Jewish Educational Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries	$ 1,631,972	$ 1,212,231	$ 384,580	$ 357,113	$ 747,982	$ 4,333,878	$ 1,358,626	$ 443,388	$ 1,802,014	$ 6,135,892
Payroll taxes and employee benefits (Notes 8, 9 and 10)	532,913	404,877	129,895	120,618	263,456	1,451,759	428,512	164,646	593,158	2,044,917
Total Salaries and Related Costs	2,164,885	1,617,108	514,475	477,731	1,011,438	5,785,637	1,787,138	608,034	2,395,172	8,180,809
Supplies and program materials	152,766	20,647	20,996	24,331	32,628	251,368	19,734	10,099	29,833	281,201
Rent and maintenance (Notes 2J and 11A)	228,919	170,997	58,809	54,609	126,090	639,424	414,690	46,240	460,930	1,100,354
Staff transportation and travel	234,187	110,052	4,098	35,887	45,956	430,180	88,023	4,575	92,598	522,778
Telephone	7,715	4,733	1,013	1,131	6,540	21,132	13,317	156	13,473	34,605
Conference, conventions, meetings and project costs	1,037,437	10,413	164,304	69,518	1,992,090	3,273,762	110,248	-	110,248	3,384,010
Scholarships and grants	67,682	-	64,830	2,250	184,148	318,910	-	-	-	318,910
Postage and shipping	8,987	773	591	10,174	1,238	21,763	10,964	3,719	14,683	36,446
Computer expenses	52,915	12,018	628	556	5,409	71,526	87,681	2,159	89,840	161,366
Other	35,402	841	2,741	3,670	5,602	48,256	163,573	10,946	174,519	222,775
Consultants and other professional fees	246,402	176,352	13,498	15,078	161,597	612,927	246,622	8,490	255,112	868,039
Membership dues	4	452	1	2,581	906	3,944	48,840	1	48,841	52,785
Marketing	1,223	206	579	16,031	3,242	21,281	-	-	-	21,281
Insurance	18,505	13,823	4,754	4,414	15,329	56,825	33,522	3,738	37,260	94,085
Bad debt expense	-	-	-	-	-	-	198,632	-	198,632	198,632
Depreciation and amortization	33,286	17,694	6,085	5,651	22,175	84,891	42,912	4,785	47,697	132,588
TOTAL EXPENSES	$ 4,290,315	$ 2,156,109	$ 857,402	$ 723,612	$ 3,614,388	$ 11,641,826	$ 3,265,896	$ 702,942	$ 3,968,838	$ 15,610,664

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

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,872,444	$ (2,754,833)
Adjustments to reconcile change in net assets to		
net cash used in operating activities:		
Unrealized (gain) loss on investments	(1,813,009)	2,108,956
Realized gain on investments	(1,029,249)	(469,282)
Depreciation and amortization	108,216	132,588
Bad debt	443,390	198,632
Decrease in discount on contributions receivable	(5,490)	(15,436)
Pension and non-pension changes other than net periodic costs	(8,410)	(573,150)
	(432,108)	(1,372,525)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(271,130)	(708,976)
Contributions receivable	94,253	806,725
Prepaid expenses and other assets	(252,586)	(117,100)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	82,938	147,329
Accrued salaries and vacation	(286,972)	329,643
Deferred revenue	(88,293)	306,881
Deferred rent	(69,181)	(53,615)
Accrued pension benefits	22,917	576,686
Accrued non-pension postretirement benefits	(2,923)	(372,198)
Accrued supplemental pension and retirement benefits	6,899	87,196
Net Cash Used in Operating Activities	(1,196,186)	(369,954)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	983,211	758,681
Purchases of investments	(90,177)	(152,066)
Purchases of property and equipment	(127,084)	(26,702)
Net Cash Provided by Investing Activities	765,950	579,913
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(430,236)	209,959
Cash and cash equivalents - beginning of year	1,106,340	896,381
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 676,104	$ 1,106,340

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Jewish Community Centers Association of North America (the "Association") is a not-for-profit agency which provides leadership to the Jewish community center movement of North America, provides services to the North American Jewish community, and serves the social welfare and spiritual needs of Jewish men and women in the armed forces of the USA and veterans of these forces.

The Association is supported by local communities through Jewish Community Center ("JCC") dues, National Federation/Agency Alliance of Jewish Federations of North America ("Alliance"), as well as grants and contributions.

The Association works to strengthen its affiliated JCCs and the entire Jewish center movement of North America through a variety of services as described below:

Program Enrichment Services – This program provides developing signature programs for member JCCs and provides consulting on the programming needs of the JCCs.

Community Consultation Services – This program provides consulting services to JCCs in the area of general management, financial management and governance. In addition, the Mandel Center for Excellence in Leadership and Management has been involved in developing operational benchmarks for JCCs.

Personnel Services – This program deals with all matters related to several thousand professionals working in Jewish Community Centers throughout North America. The program includes recruiting quality professionals to fill vacancies in JCCs; enhancing a JCC's staff retention potential; monitoring and leading changes in personnel practice; studying and publication of trends, including salaries.

Direct Services to the Military – This program works with all branches of the U.S. Military to endorse Jewish Chaplains and to provide services to active duty personnel, their families and those in veterans hospitals.

Jewish Educational Services – This program develops programs for JCCs to operate that have significant Jewish content. In addition, seminars in Israel for professional staff and lay leaders of JCCs are performed through this program.

The Association is a Section 501(c)(3) not-for-profit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code") and is a publicly supported organization as described in Section 509(a)(1) of the Code. The Association is also exempt from state and local income taxes.

The Association's main office is located in New York, New York. In 1973, the Association established the Israel office as an expression of its commitment to strengthen ties between North American Jewry and Israel, and to serve as a link connecting JCCs and Jewish communities throughout the world. The Israel office sponsors Jewish educational seminars, special programs for JCC leadership and for JCC professionals, and operates JCC membership programs to Israel, continental or community programs for members in a variety of themes. In compliance with the local laws and ordinances in Israel, the office was formally registered in March 1999 as "The Israel Amuta of the Jewish Community Centers Association of North America" (the "Amuta") and is classified as a non-profit organization. The Israel office receives funding allocations from the Association in support of its activities and general operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Association's financial statements have been prepared on the accrual basis of accounting. The Association adheres to accounting principles generally accepted in the United States of America. ("GAAP").

B. The Association reports gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Without donor restrictions – These represent resources received that have not been restricted by the donor and that have no time restrictions. Such resources are available for support of the Association's operations over which the Board of Directors has discretionary control. This also includes the Association's net investment in property and equipment and the Association's funded status of pension and non-pension postretirement benefits.

- With donor restrictions – These consist of funds that are restricted by donors for a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. These also include those resources received subject to donor-imposed stipulations that they be maintained intact and invested in perpetuity by the Association. The income provided is in support of scholarships, program development, Jewish education, general operations, and Israel office operations.

D. The Association considers cash equivalents to be all liquid investments with original maturities of 90 days or less when acquired, except money market funds held in its investment portfolio.

E. Contributions receivable (pledges) are recorded as revenue when the Association is formally notified of the grants or contributions by the respective donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received; amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Bequests are recognized as revenue when the will has gone through probate and the sum is certain. Historically, the Association has not experienced significant bad debt losses. The Association bases its allowance for doubtful contributions on its historical loss experience considering the age of the receivable. The Association has determined that an allowance of $145,000 and $239,250 was necessary as of December 31, 2019 and 2018, respectively.

   The Association receives certain contributed goods and services, including professional services. Donated goods are recognized at fair value when received. Donated services are recognized at fair value as revenue if the services enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided through donation.

F. Accounts receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. As of December 31, 2019 and 2018, the Association determined that an allowance for doubtful accounts should be provided for accounts receivable in the amount of $655,000 and $235,219, respectively. Such estimate is based on management's estimate of the aged basis of its receivables, the creditworthiness of its Jewish Community Centers as well as current economic conditions and historical information.

G. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Association capitalizes property and equipment with a cost of $2,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease.

H. The Association carries its investments at fair value as explained in Note 4. Unrealized and realized gains and losses and investment income are reported in the statements of activities in investment activity as increases or decreases in net assets without donor restrictions unless there are donor restrictions for the use of investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is the Association's policy to make an annual investment allocation for the support of operations of a percentage of the average fair value of investments for the preceding twelve quarters. Amounts allocated to the net assets with donor restrictions are based on donor stipulations.

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 14.

I. Deferred revenue represents amounts received by the Association for which the Association has not met the conditions or fulfilled a service.

J. The Association leases real property under operating leases. Since the rent payments increase over time, the Association records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as a deferred rent obligation in the accompanying statements of financial position.

K. The Association includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized interest income allocation and all contributions except for those that are restricted for capital expenditures or have been endowed by donors. Investment income, including net realized and unrealized gains and losses, earned in excess of (or less than) the Association's aggregate authorized spending amount, contributions for capital expenditures, pension changes other than net periodic costs and contributions to net assets with donor restrictions are recognized as nonoperating activities.

L. The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated (on both an actual and an estimated basis) among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and employee benefits, occupancy, repairs and maintenance, insurance, equipment lease, depreciation and marketing costs. Salaries and payroll taxes and employee benefits are allocated based on an estimate of time and effort. All other expenses are allocated on the basis of payroll consumed by each functional program area as an indicator of space and support resources usage.

M. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. During the year ended December 31, 2019, the Association adopted Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*" and ASU 2018-08, "*Contributions Received and Contributions Made*." ASU 2014-09 created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification ("ASC"). Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 30-40, Other Assets and Deferred Costs – Contracts with Customers to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Association adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. The new guidance did not impact the Association's change in net assets for the years ended December 31, 2019 and 2018. Further, the Association did not have any contract assets or contract liabilities as of December 31, 2019 and 2018. Accounts receivable as of December 31, 2019 and 2018, are presented on the accompanying statements of financial position and accounts receivable as of January 1, 2019 amounted to $964,728.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2018-08 provides guidance to assist the Association in accounting for contributions. The Agency considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of releases of a resource provider's obligation to transfer assets. ASU 2018-08 was adopted retrospectively and had no impact on the change in net assets for the year ended December 31, 2018.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES

The Association strives to maintain adequate liquid financial assets that, in line with expected operating cash flow, will allow for uninterrupted processing of operating activity throughout the year. Financial assets that are earmarked for restricted activity are kept in separate accounts and reconciled quarterly. Funds are used for operations after each quarterly reconciliation or may be used in advance if cash flow projections indicate that other working capital will not cover these needs. Grant advances, other net assets with donor restrictions for specific purposes, as well as board appropriations from the endowment based on the agency spending policy are invested in a short-term bond program to provide some income with a nominal level of risk. Endowment funds are invested in a mixed equity and fixed income portfolio to provide for operating draws and long-term growth, as more fully described in Notes 4 and 13. The Association also has access to a line of credit for $400,000 as more fully described in Note 11C.

The following table reflects the Association's financial assets as of December 31, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. Amounts not available are mainly the corpus of endowment gifts. In 2018, the Association's Board of Directors authorized the borrowing of up to $4 million from endowment funds for use in operations through the 2019 calendar year. That authorization was extended in the amount of $3 million for 2020 and beyond, if necessary. The Association's Board of Directors has authorized the borrowing of up to $4 million from endowment funds for use in operations through the 2019 calendar year. The approval was given to recognize the need to invest in the stabilization of the operating budget as the Association re-structures to deliver services to affiliated JCCs and camps in a new way.

The Association's financial assets available to meet cash needs for general expenditures within one year are as follows:

Cash and cash equivalents	$ 676,104
Accounts receivable – net	792,468
Contributions receivable – net	1,705,767
Investments	21,077,545
Total financial assets	24,251,884
Less: Contributions receivable due in more than one year (net)	(215,400)
Less: Donor-restricted endowment funds	(18,814,309)
Plus: Endowment spending-rate distributions and appropriations	604,300
	$ 5,826,475

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31:

	2019	2018
Money market funds	$ 1,617,861	$ 649,241
Mutual funds	18,478,131	17,538,028
Alternative investments	981,553	941,052
	$ 21,077,545	$ 19,128,321

NOTE 4 – INVESTMENTS (Continued)

Alternative investments, which consist of an interest in a limited partnership, are stated at fair value in an unquoted market. Individual investment holdings within the alternative investments include primarily market-traded securities, as well as other nonmarketable securities. Fair values of the alternative investments are determined by the investment manager or general partners. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Because of the inherent uncertainty of valuations of alternative investments, values for these investments may differ significantly from values that would have been used had a ready market for the investments existed.

Quarterly, the Association can redeem its investment in the limited partnership with 90 days prior notice. Pursuant to the investment agreement, the limited partnership may limit the aggregate amount redeemable in each quarter by all of the investors. The limited partnership investment objective is to achieve absolute returns with minimal risk rather than outperform a given benchmark or asset class. As such, the limited partnership pursues a multi-strategy approach to investing, exploiting marketing inefficiencies and engaging in financial arbitrage.

The following summarizes the Association's total investment return for the years ended December 31:

	2019	2018
Dividends and interest	$ 493,539	$ 420,280
Realized gain	1,029,249	469,282
Unrealized gain (loss)	1,813,009	(2,108,956)
Investment fees	(57,109)	(45,588)
Total return on investments	$ 3,278,688	$(1,264,982)

Designation of investment activity:

	2019	2018
Amounts used for operations	$ 925,928	$ 873,848
Amount considered non-operating	2,352,760	(2,138,830)
	$ 3,278,688	$ (1,264,982)

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are scheduled to be received as follows as of December 31:

	2019	2018
Amounts due in less than one year	$ 1,638,397	$ 1,588,859
Amounts due in one to five years	215,400	453,441
	1,853,797	2,042,300
Allowance for doubtful accounts	(145,000)	(239,250)
Discount (at 1.62% – 2.46%)	(3,030)	(8,520)
	$ 1,705,767	$ 1,794,530

The amortization of the discount is reflected as additional contribution revenue in the accompanying statements of activities.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2019	2018	Estimated Useful Lives
Building and improvements	$ 358,272	$ 343,740	29 years
Leasehold improvements	1,783,943	1,696,548	11-20 years
Furniture, equipment and vehicles	1,276,534	1,255,419	3-10 years
Total	3,418,749	3,295,707	
Less: accumulated depreciation and amortization	(2,670,100)	(2,561,884)	
Projects in progress	4,042	-	
Total net	$ 752,691	$ 733,823	

Depreciation and amortization expense amounted to $108,216 and $132,588 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7 – RELATED-PARTY TRANSACTIONS

The Florence G. Heller – JCC Association Research Center, Inc. ("Research Center") conducts research projects to help Jewish Community Centers and other Jewish communal agencies improve their services to the Jewish community. A number of Board members of the Research Center are also on the Board of the Association. The Association acts as an agent for the Research Center providing investment and other management services. The value of services contributed to the Research Center is not considered material to the accompanying financial statements. As of both December 31, 2019 and 2018, the Association held $24,698 for the Research Center for use in the Research Center's future operations.

NOTE 8 – PENSION PLANS

Effective September 1, 2005, the Association froze all benefit accruals, discontinued employee contributions and fully vested plan participants who were employed by a participating employer on that date. The frozen plan was a contributory defined benefit pension plan, administered by an insurance company, which was available to all employees of a participating employer who had reached the age of 21 and who had completed one year of service.

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 8,187,696	$ 8,896,974
Interest cost	308,634	289,836
Actuarial (gain) loss	704,393	(362,103)
Benefits paid	(627,585)	(637,011)
Benefit obligation at end of year	8,573,138	8,187,696
Fair value of plan assets	(4,327,340)	(3,956,405)
Unfunded status	$ (4,245,798)	$ (4,231,291)
Amounts recognized in the statements of financial position:		
Net pension liability	$ 4,245,798	$ 4,231,291
Employer contribution	$ 334,924	$ 290,273

NOTE 8 – PENSION PLANS (Continued)

As of December 31, 2019 and 2018, the accumulated benefit obligation for the pension plan was $8,573,138 and $8,187,696, respectively.

GAAP requires an employer to: (*a*) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (*b*) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year and (*c*) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

The components of net periodic benefit cost are as follows for the pension plan for the years ended December 31:

	2019	2018
Interest cost	$ 308,634	$ 289,836
Expected return on assets	(279,736)	(339,345)
Amortization of net loss	454,620	594,738
Net periodic pension cost	$ 483,518	$ 545,229

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions are as follows for the years ended December 31:

	2019	2018
Net loss	$ 320,533	$ 343,318
Amortization of net loss	(454,620)	(594,738)
	$ (134,087)	$ (251,420)

Amounts that have not been recognized as components of net periodic benefit costs but included in net assets without donor restrictions to date as the effect of ASC 715 are as follows:

	2019	2018
Net actuarial loss	$ 4,119,575	$ 4,253,662

The estimated net loss for the pension plan that will be amortized from the net assets without donor restrictions balance into net periodic benefit cost over the next year is $530,207.

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost for the pension plan are as follows as of and for the years ended December 31:

	2019	2018
Discount rate used for net periodic benefit cost	4.04%	3.38%
Discount rate used for pension obligation	2.94%	4.04%
Expected return on plan assets	7.50%	7.50%
Mortality table	RP19C	RP18C

The pension plan's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

NOTE 8 – PENSION PLANS (Continued)

The following schedule of benefit payments for the pension plan, which are expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows:

2020	$ 703,280
2021	706,458
2022	689,015
2023	672,448
2024	668,031
2025-2029	-

It is the Association's policy to contribute to the plan each year at least the minimum amount determined by actuarial valuation to meet Employee Retirement Income Security Act of 1974 Funding Standards, which may be based on assumptions different from those used to determine net periodic pension cost.

Employer contributions expected to be contributed to the pension plan in 2020 are $829,643. Employees are not required or permitted to contribute to the pension plan effective September 1, 2005.

The assets for the pension plan consist of the following as of December 31, 2019:

	Level 1	Level 2	Total
AXA Equitable Life Insurance Company			
Guarantee account	$ -	$ 88,755	$ 88,755
Money market funds	167,942	-	167,942
Mutual funds	4,070,643	-	4,070,643
	$ 4,238,585	$ 88,755	$ 4,327,340

The assets for the pension plan consist of the following as of December 31, 2018:

	Level 1	Level 2	Total
AXA Equitable Life Insurance Company			
Guarantee account	$ -	$ 75,706	$ 75,706
Money market funds	150,352	-	150,352
Mutual funds	3,730,347	-	3,730,347
	$ 3,880,699	$ 75,706	$ 3,956,405

Effective September 1, 2005, the Association established a defined contribution profit sharing retirement plan for eligible employees. All employees who have completed one year of service are eligible for the Plan. During the years ended December 31, 2019 and 2018, the Association incurred expenses amounting to $236,223 and $253,424 for contributions to the Plan, respectively.

NOTE 9 – NON-PENSION POSTRETIREMENT BENEFITS

The Association provides health care benefits to certain retirees. Active employees who joined the Association prior to October 1, 2003 are entitled to health care benefits if they leave the Association after they have reached the age of 62 and have provided 15 years of service. The Association will pay 50% of the premiums for these employees. A frozen amount of life insurance is provided to a closed group of retirees. Except for certain participants covered under a prior plan, no insurance is provided to future retirees.

NOTE 9 – NON-PENSION POSTRETIREMENT BENEFITS (Continued)

The funded status of the plan is as follows as of December 31:

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,016,499	$ 1,388,697
Service cost	10,770	18,903
Interest cost	39,386	46,385
Actuarial (gain) loss	8,308	(362,473)
Benefits paid	(61,387)	(75,013)
Unfunded status	$ (1,013,576)	$ (1,016,499)
Amounts recognized in the statements of financial position:		
Accrued non-pension postretirement benefits	$ 1,013,576	$ 1,016,499
Employer contributions	$ 61,387	$ 75,013

Amounts that have not been recognized as components of net periodic benefit costs but included in net assets without donor restrictions were as follows as of December 31:

	2019	2018
Unamortized prior service cost	$ (73,361)	$ (86,845)
Gain	730,243	869,404
	$ 656,882	$ 782,559

The periodic postretirement benefit costs are as follows for the years ended December 31:

	2019	2018
Service cost	$ 10,770	$ 18,903
Interest cost	39,386	46,385
Amortization of prior service cost	13,484	13,484
Amortization of gain	(130,853)	(54,227)
Net postretirement benefit cost	$ (67,213)	$ 24,545

Other changes in postretirement plan assets and benefit obligations recognized in the change in net assets without donor restrictions are as follows for the years ended December 31:

	2019	2018
Net actuarial (gain) loss	$ 8,308	$ (362,473)
Amortization of actuarial gain	130,853	54,227
Amortization of prior service cost	(13,484)	(13,484)
	$ 125,677	$ (321,730)

The weighted-average assumptions to determine the benefit obligation and net periodic benefit cost are as follows as of and for the years ended December 31:

	2019	2018
Discount rate used to determine benefit obligations	3.00%	4.04%
Discount rate used to determine net periodic benefit cost	4.04%	3.45%

NOTE 9 – NON-PENSION POSTRETIREMENT BENEFITS (Continued)

The following schedule of benefit payments (net of expected participant contributions), which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2020	$ 104,200
2021	71,863
2022	67,909
2023	63,889
2024	60,696
2025 - 2029	265,685

The following table presents the health care cost trend rate assumed for next year, the ultimate trend rate, and the year in which the rate reaches the ultimate rate:

Health care cost trend rate assumed for next year	4.500%
Ultimate trend rate to which the cost trend rate is expected to decline	3.784%
Year that the rate reaches the ultimate trend rate	2075

The actuarial present value of accumulated benefit obligations and the amounts recognized in the accompanying statements of financial position are as follows as of December 31:

	2019	2018
Accumulated postretirement benefit obligation	$ 1,013,576	$ 1,016,499
Unrecognized transition obligation	(730,243)	(869,404)
Liability for postretirement benefits	730,243	869,404
Accrued postretirement benefit obligation	$ 1,013,576	$ 1,016,499

If the health care cost trend were increased (decreased) by 1% for the year ended December 31, 2019, the accumulated benefit obligation would correspondingly increase (decrease) by $119,459 or ($98,253) and the service and interest costs by $8,589 or ($6,670), respectively.

If the health care cost trend were increased (decreased) by 1% for the year ended December 31, 2018, the accumulated benefit obligation would correspondingly increase (decrease) by $113,786 or ($94,839) and the service and interest costs by $11,531 or ($8,948), respectively.

NOTE 10 – SUPPLEMENTAL PENSION AND RETIREMENT BENEFITS

The Association established a 457(b) deferred compensation plan (the “Plan”). The Plan is maintained primarily for the purpose of providing deferred compensation benefits for a select group of the Association’s management. The assets in the Plan amounted to $258,330 and $251,431 and as of December 31, 2019 and 2018, respectively, and are included under prepaid expenses and other assets on the accompanying statements of financial position. Such assets are self-directed by the individuals and consist of a variety of investments. Liabilities under the Plan amounted to $258,330 and $251,431 as of December 31, 2019 and 2018, respectively, and are reflected as accrued supplemental pension and retirement benefits on the accompanying statements of financial position.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Effective December 30, 2005, the Association entered into a twenty-year-and-four-month operating lease agreement for office space located at 520 Eighth Avenue, New York City. This lease commenced on July 10, 2006. The lease includes an annual rental escalation of 2% per year commencing in the second year of the lease and continuing in succeeding years thereafter for the term of the lease. On January 22, 2010, the Association entered into a temporary reduced payment deferral agreement effective January 1, 2010 and ending December 31, 2012. Under this agreement, the rental payments for three years were reduced by $450,000, of which $150,000 may be waived by the landlord if the timely payments of rent obligations were made by the Association and the remaining $300,000 shall be paid to the landlord commencing January 1, 2013 through November 30, 2026. The difference between the amounts paid and the straight-line rent expense recorded is recognized as a deferred rent obligation and is being amortized over the lease term. As a result of the terms of the lease and the reduced payment deferral agreement, the Association has a deferred rent liability of $930,655 and $999,836 as of December 31, 2019 and 2018, respectively.

The Association is obligated under various lease agreements for the use of equipment through 2021.

The following is a schedule by years of the future lease payments (including the 2% annual escalations) for the year ending after December 31, 2019:

	Office Space	Equipment	Total
2020	$ 809,651	$ 58,500	$ 868,151
2021	825,845	51,188	877,033
2022	842,361	-	842,361
2023	859,209	-	859,209
2024	876,393	-	876,393
Thereafter	1,728,984	-	1,728,984
	$ 5,942,443	$ 109,688	$ 6,052,131

The Association subleases a portion of its office space to several organizations under year-to-year agreements. Rent expense for the years ended December 31, 2019 and 2018, amounted to $996,130 and $1,006,227, respectively. Sublease revenue for the years ended December 31, 2019 and 2018, amounted to $346,049 and $295,841, respectively.

B. In addition, the Association entered into a ten-year agreement with its CEO, who retired as of March 31, 2015, to provide consulting services for a fixed number of hours per year upon his retirement. Total future minimum payments under the agreement, which includes premiums for various benefit plans, amount to the following:

2020	$ 80,703
2021	80,703
2022	80,703
2023	80,703
2024	31,594
	$ 354,406

C. In March 2015, the Association entered into a line of credit agreement with a bank for $400,000. The agreement was renewed in May 2019 and will expire on June 1, 2020. There have been no borrowings against the line as of April 30, 2020. The line bears interest at the bank's prime rate plus 1% with a floor of 4% and is secured by a general UCC-1 filing on all assets of the business. The line is intended to be used for short-term working capital needs.

D. The Association believes it had no uncertain tax positions as of December 31, 2019 and 2018, in accordance with ASC Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following as of December 31:

	2019	2018
Time restricted	$ 2,961,285	$ 1,553,137
Specific program support	2,243,140	1,955,356
Scholarship	1,884,561	1,375,979
Research	1,584,185	1,273,685
Jewish education	456,830	311,269
Facility	192,349	146,303
Endowment corpus	16,299,986	16,289,983
	$ 25,622,336	$ 22,905,712

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors during the years ended December 31:

	2019	2018
Program enrichment	$ 1,158,992	$ 1,476,550
Community consultation	116,600	121,662
Professional development	147,339	145,400
Jewish educational services	184,943	648,302
Support and development	695,314	297,530
Chaplaincy	188,272	208,615
Management and general	633,672	433,789
Capital activity	-	425,633
Israel office	117,200	17,000
	3,242,332	3,774,481
Transfers out of endowment	-	753,650
	$ 3,242,332	$ 4,528,131

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL IN NATURE (“ENDOWMENT FUNDS”)

ASC 958-205 provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). ASC 958-205 also improves disclosure about the organization’s endowment funds, whether or not the organization is subject to UPMIFA.

The Association’s Board of Directors has interpreted New York State nonprofit law, the New York Prudent Management of Institutional Funds Act, which permits the Board to appropriate for expenditure all earnings of such donor-restricted endowment funds (both realized and unrealized) in a prudent manner, with a rebuttable presumption of imprudence if appropriations exceed 7% of the average balance calculated using the quarterly balances over the previous five-year period. The Association's spending policy in 2019 and 2018 was to appropriate 4.5% of the average balance calculated using the quarterly balances over the previous three-year period. Any unappropriated earnings that would otherwise be considered net assets without donor restrictions are reflected as net assets with donor restrictions. Appropriations under the spending policy are included in net assets released from restrictions, once the restriction has been met.

In 2013, the Board approved a loan from the endowment to operations in the amount of approximately $1 million which was taken over a three-year period. The loan was used to fund the Association’s contributions to its pension plans. The loan is being repaid back into the endowment over time. As of both December 31, 2019 and 2018, the outstanding loan balance amounted to $959,100.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL IN NATURE ("ENDOWMENT FUNDS")

Changes in endowment net assets for year ended December 31, 2019 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 161,560	$ 16,289,986	$ 16,451,546
Investment activity:			
Interest and dividends	385,293	-	385,293
Unrealized and realized gain on investments	2,842,259	-	2,842,259
Total investment activity	3,227,552	-	3,227,552
Contributions to endowment	-	10,000	10,000
Amounts appropriated for operations	(874,789)	-	(874,789)
Endowment net assets, end of year	$ 2,514,323	$ 16,299,986	$ 18,814,309

Changes in endowment net assets for year ended December 31, 2018 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 2,300,392	$ 17,093,636	$ 19,394,028
Investment activity:			
Interest and dividends	356,983	-	356,983
Unrealized and realized loss on investments	(1,639,674)	-	(1,639,674)
Total investment activity	(1,282,691)	-	(1,282,691)
Transfers out of endowment	-	(753,650)	(753,650)
Allowance for uncollectable pledge receivable to endowment	-	(50,000)	(50,000)
Amounts appropriated for operations	(856,141)	-	(856,141)
Endowment net assets, end of year	$ 161,560	$ 16,289,986	$ 16,451,546

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2019, certain funds with original gift values of $6,378,009, fair values of $5,929,279 and deficiencies of $448,730 were reported in net assets with donor restrictions. As of December 31, 2018, funds with original gift values of $9,361,009, fair values of $8,306,669 and deficiencies of $1,054,340 were reported in net assets with donor restrictions.

NOTE 14 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Financial assets carried at fair value at December 31, 2019, are classified in the table as follows:

	Level 1	Total
ASSETS CARRIED AT FAIR VALUE		
Investments:		
Money market funds	$ 1,617,861	$ 1,642,558
Mutual funds	18,478,131	18,453,434
	$ 20,095,992	$ 20,095,992
Investments measured using net asset value as a practical expedient		981,553
Total investments, at fair value		21,077,545
457(b) Plan – mutual funds		
Money market funds	1,732	1,732
Mutual funds	256,608	256,608
	258,340	258,340
	$ 20,354,322	$ 21,335,885

Financial assets carried at fair value at December 31, 2018, are classified in the table as follows:

	Level 1	Total
ASSETS CARRIED AT FAIR VALUE		
Investments:		
Money market funds	$ 649,241	$ 649,241
Mutual funds	17,538,028	17,538,028
	$ 18,187,269	$ 18,187,269
Investments measured using net asset value as a practical expedient		941,052
Total investments, at fair value		19,128,321
457(b) Plan – mutual funds		
Money market funds	53,598	53,598
Mutual funds	197,833	197,833
	251,431	251,431
	$ 18,438,700	$ 19,379,752

NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

The Association's alternative investments consist of an investment in one fund which trades equities, fixed income products, options, futures and other financial instruments.

Fair Value of Investments in Entities that Use Net Asset Value

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient:

	Fair Value – December 31, 2019	Fair Value – December 31, 2018	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Alternative investments	$ 981,553	$ 941,052	$ -	Quarterly	90 days
	$ 981,553	$ 941,052	$ -		

NOTE 15 – CONCENTRATION OF CREDIT RISK

Cash that potentially subjects the Association to a concentration of credit risk includes cash accounts with a bank that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits of up to $250,000 per depositor. As of December 31, 2019 and 2018, the Association had cash balances that exceeded the FDIC insurance limits by approximately $446,000 and $845,000, respectively. Such excess includes outstanding checks.

NOTE 16 – DEFICIT FROM OPERATIONS

As of December 31, 2019, the Association's net assets without donor restrictions stood at a deficit balance of $7,816,026. After subtracting the items that relate to the Association's net investment in property and equipment, pension and other postretirement benefits, the Association has a deficit from operations of approximately $3,309,000 as of December 31, 2019. It is the intention of the Association to reduce the deficit over a period of time by increasing funding through individual and corporate giving, private foundations, and program and seminar fees. The Association manages its cash flow and working capital as more fully described in Note 3.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 4, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Association could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our mission, programs, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, we cannot predict the extent to which our financial condition and results of operations will be affected.

In response to the pandemic, in March 2020, the United States passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which included the Paycheck Protection Program which intends to provide loans to businesses to cover payroll costs. The loans are eligible for forgiveness if certain criteria are met. On April 21, 2020, the Association received a loan of $1,111,250 under this program.