



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2021 and 2020

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jewish Community Centers Association of North America

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jewish Community Centers Association of North America (the "Association"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2020 Financial Statements

The financial statements of the Association as of and for the year ended December 31, 2020 were audited by another auditor whose report dated June 25, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann CPAs

New York, NY
July 13, 2022

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents (Notes 2D and 16) | \$ 2,674,373 | \$ 1,917,874 |
| Accounts receivable - net (Note 2F) | 1,367,378 | 718,861 |
| Contributions receivable - net (Notes 2E and 5) | 2,439,103 | 2,303,287 |
| Investments, at fair value (Notes 2H, 4, 14 and 15) | 28,570,380 | 23,477,355 |
| Prepaid expenses and other assets (Note 11) | 515,753 | 499,183 |
| Property and equipment - net (Notes 2G and 6) | 546,817 | 636,470 |
| TOTAL ASSETS | \$ 36,113,804 | \$ 29,553,030 |
| LIABILITIES | | |
| Accounts payable and accrued expenses (Note 8) | \$ 605,910 | \$ 491,924 |
| Accrued salaries and vacation | 315,714 | 503,826 |
| Deferred revenue (Note 2I) | 250,773 | 57,847 |
| Deferred rent (Notes 2J and 12A) | 743,400 | 844,649 |
| Loans payable (Note 7) | 3,250,000 | 150,000 |
| Accrued pension benefits (Notes 2H, 2L and 9) | 2,127,690 | 3,487,963 |
| Accrued non-pension post-retirement benefits (Notes 2H, 2L and 10) | 799,072 | 1,020,649 |
| Accrued supplemental pension and retirement benefits (Notes 2H and 11) | 349,592 | 274,294 |
| TOTAL LIABILITIES | 8,442,151 | 6,831,152 |
| COMMITMENTS AND CONTINGENCIES (Note 12) | | |
| NET ASSETS (Note 2C) | | |
| Without donor restrictions: | | |
| Deficit from operations (Note 18) | (4,278,610) | (4,068,203) |
| Net investment in property and equipment | 546,817 | 636,470 |
| Pension and non-pension postretirement component (Notes 2K, 9 and 10) | (2,926,762) | (4,508,612) |
| Total deficit without donor restrictions (Note 18) | (6,658,555) | (7,940,345) |
| With donor restrictions (Notes 13 and 14) | 34,330,208 | 30,662,223 |
| TOTAL NET ASSETS | 27,671,653 | 22,721,878 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 36,113,804 | \$ 29,553,030 |

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

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | For the Year Ended December 31, 2021 | | | For the Year Ended December 31, 2020 | | |
|--|--------------------------------------|----------------------|----------------------|--------------------------------------|----------------------|----------------------|
| | Without Donor | With Donor | Total | Without Donor | With Donor | Total |
| | Restrictions | Restrictions | 2021 | Restrictions | Restrictions | 2020 |
| OPERATING REVENUE AND SUPPORT | | | | | | |
| Constituent center dues (Note 2I) | \$ 3,319,886 | \$ - | \$ 3,319,886 | \$ 2,232,908 | \$ - | \$ 2,232,908 |
| Contributions, grants, and bequests (Note 2E) | 105,204 | 3,694,401 | 3,799,605 | 2,560,612 | 4,489,208 | 7,049,820 |
| Program and seminar fees, including contribution portion (Note 2I) | 438,785 | - | 438,785 | 361,458 | - | 361,458 |
| Board and other annual giving | 740,573 | 21,000 | 761,573 | 754,305 | 105,081 | 859,386 |
| National Funding Council and federations support | 494,317 | 250,000 | 744,317 | 325,133 | 250,000 | 575,133 |
| Investment income used for operations (Notes 4 and 14) | 14,164 | 850,766 | 864,930 | (8,519) | 1,103,908 | 1,095,389 |
| Rent income (Note 12A) | 232,981 | - | 232,981 | 303,957 | - | 303,957 |
| Sponsorships and other | 276,173 | - | 276,173 | 138,109 | 4,500 | 142,609 |
| Paycheck Protection Program (Notes 12F) | 1,174,627 | - | 1,174,627 | 1,111,250 | - | 1,111,250 |
| Employee retention tax credit (Note 17) | 922,667 | - | 922,667 | - | - | - |
| Net assets released from restrictions (Notes 2B and 13) | 2,916,615 | (2,916,615) | - | 3,029,464 | (3,029,464) | - |
| TOTAL OPERATING REVENUE AND SUPPORT | <u>10,635,992</u> | <u>1,899,552</u> | <u>12,535,544</u> | <u>10,808,677</u> | <u>2,923,233</u> | <u>13,731,910</u> |
| OPERATING EXPENSES (Note 2L) | | | | | | |
| Program services: | | | | | | |
| Program enrichment | 2,794,417 | - | 2,794,417 | 3,929,896 | - | 3,929,896 |
| Community consultation | 1,242,755 | - | 1,242,755 | 1,297,496 | - | 1,297,496 |
| Personnel development | 1,167,843 | - | 1,167,843 | 554,628 | - | 554,628 |
| Direct service to the military | 669,961 | - | 669,961 | 488,908 | - | 488,908 |
| Jewish educational services | 858,938 | - | 858,938 | 1,164,126 | - | 1,164,126 |
| Total program services | <u>6,733,914</u> | <u>-</u> | <u>6,733,914</u> | <u>7,435,054</u> | <u>-</u> | <u>7,435,054</u> |
| Supporting services: | | | | | | |
| Management and general | 2,428,635 | - | 2,428,635 | 2,276,562 | - | 2,276,562 |
| Fundraising | 1,168,590 | - | 1,168,590 | 901,788 | - | 901,788 |
| Total supporting services | <u>3,597,225</u> | <u>-</u> | <u>3,597,225</u> | <u>3,178,350</u> | <u>-</u> | <u>3,178,350</u> |
| TOTAL OPERATING EXPENSES | <u>10,331,139</u> | <u>-</u> | <u>10,331,139</u> | <u>10,613,404</u> | <u>-</u> | <u>10,613,404</u> |
| EXCESS OF OPERATING REVENUE AND SUPPORT OVER | | | | | | |
| OPERATING EXPENSES (Note 2K) | <u>304,853</u> | <u>1,899,552</u> | <u>2,204,405</u> | <u>195,273</u> | <u>2,923,233</u> | <u>3,118,506</u> |
| NON-OPERATING ACTIVITY (Note 2K) | | | | | | |
| Investment activity (Notes 4 and 14) | 14,164 | 2,619,199 | 2,633,363 | (8,519) | 3,220,562 | 3,212,043 |
| Less: amount used for operations (Note 4) | (14,164) | (850,766) | (864,930) | 8,519 | (1,103,908) | (1,095,389) |
| TOTAL NON-OPERATING ACTIVITY | <u>-</u> | <u>1,768,433</u> | <u>1,768,433</u> | <u>-</u> | <u>2,116,654</u> | <u>2,116,654</u> |
| CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES | 304,853 | 3,667,985 | 3,972,838 | 195,273 | 5,039,887 | 5,235,160 |
| Pension and post-retirement changes other than net periodic costs (Notes 9 and 10) | 1,143,531 | - | 1,143,531 | 89,610 | - | 89,610 |
| Other components of net periodic pension cost (Notes 9 and 10) | (166,594) | - | (166,594) | (409,202) | - | (409,202) |
| TOTAL CHANGE IN NET ASSETS | 1,281,790 | 3,667,985 | 4,949,775 | (124,319) | 5,039,887 | 4,915,568 |
| Net assets (deficit) - beginning of year | <u>(7,940,345)</u> | <u>30,662,223</u> | <u>22,721,878</u> | <u>(7,816,026)</u> | <u>25,622,336</u> | <u>17,806,310</u> |
| NET ASSETS (DEFICIT) - END OF YEAR (Notes 14 and 18) | <u>\$ (6,658,555)</u> | <u>\$ 34,330,208</u> | <u>\$ 27,671,653</u> | <u>\$ (7,940,345)</u> | <u>\$ 30,662,223</u> | <u>\$ 22,721,878</u> |

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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

| | Program Services | | | | | | Supporting Services | | | Total 2021 | Total 2020 |
|--|-----------------------|---------------------------|--------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|---------------------|---------------------------------|----------------------|----------------------|
| | Program Enrichment | Community Consultation | Personnel Development | Direct Service to the Military | Jewish Educational Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | | |
| Salaries | \$ 1,552,921 | \$ 780,036 | \$ 624,845 | \$ 320,203 | \$ 379,638 | \$ 3,657,643 | \$ 1,064,099 | \$ 743,244 | \$ 1,807,343 | \$ 5,464,986 | \$ 5,575,869 |
| Payroll taxes and employee benefits (Notes 9, 10 and 11) | <u>428,858</u> | <u>214,031</u> | <u>177,762</u> | <u>88,532</u> | <u>150,410</u> | <u>1,059,593</u> | <u>236,745</u> | <u>196,107</u> | <u>432,852</u> | <u>1,492,445</u> | <u>1,707,491</u> |
| Total Salaries and Related Costs | 1,981,779 | 994,067 | 802,607 | 408,735 | 530,048 | 4,717,236 | 1,300,844 | 939,351 | 2,240,195 | 6,957,431 | 7,283,360 |
| Supplies and program materials | 35,845 | 4,503 | 11,933 | 40,888 | 18,003 | 111,172 | 20,691 | 7,148 | 27,839 | 139,011 | 122,199 |
| Rent and maintenance (Notes 2J and 12A) | 242,694 | 100,606 | 100,789 | 51,650 | 61,474 | 557,213 | 386,656 | 102,466 | 489,122 | 1,046,335 | 1,031,246 |
| Staff transportation and travel | 30,636 | 758 | 14,335 | 14,659 | 8,555 | 68,943 | 18,553 | 4,692 | 23,245 | 92,188 | 103,880 |
| Telephone | 3,300 | 1,980 | 1,320 | 660 | 1,279 | 8,539 | 29,681 | 660 | 30,341 | 38,880 | 36,403 |
| Conference, conventions, meetings and project costs | 275,075 | 229 | - | 75,486 | 44,096 | 394,886 | 44,291 | - | 44,291 | 439,177 | 518,789 |
| Scholarship and grants | 18,900 | - | 67,599 | - | 130,837 | 217,336 | - | - | - | 217,336 | 220,847 |
| Postage and shipping | 3,317 | 12 | 2,359 | 5,745 | 8 | 11,441 | 3,419 | 3,352 | 6,771 | 18,212 | 19,101 |
| Computer expenses | 24,579 | 25,006 | 1,055 | 540 | 4,757 | 55,937 | 69,402 | 2,845 | 72,247 | 128,184 | 166,494 |
| Other | 25,074 | - | 273 | 2,955 | 6,266 | 34,568 | 94,908 | 9,807 | 104,715 | 139,283 | 104,894 |
| Consultants and other professional fees | 136,369 | 114,942 | 164,605 | 53,501 | 26,839 | 496,256 | 247,941 | 89,346 | 337,287 | 833,543 | 737,881 |
| Membership dues | - | - | - | 3,000 | 1,173 | 4,173 | 52,288 | - | 52,288 | 56,461 | 57,959 |
| Marketing | 13,263 | - | 315 | 11,807 | 19,571 | 44,956 | - | - | - | 44,956 | 2,907 |
| Insurance | 25,139 | 10,421 | 10,440 | 5,350 | 15,951 | 67,301 | 40,052 | 10,614 | 50,666 | 117,967 | 109,306 |
| Bad debt expense | - | - | - | - | - | - | 114,500 | - | 114,500 | 114,500 | 391,119 |
| Depreciation and amortization | <u>27,062</u> | <u>10,384</u> | <u>10,403</u> | <u>5,331</u> | <u>10,607</u> | <u>63,787</u> | <u>39,906</u> | <u>10,576</u> | <u>50,482</u> | <u>114,269</u> | <u>116,221</u> |
| Subtotal | 2,843,032 | 1,262,908 | 1,188,033 | 680,307 | 879,464 | 6,853,744 | 2,463,132 | 1,180,857 | 3,643,989 | 10,497,733 | 11,022,606 |
| Less: Other components of net periodic pension cost (Notes 9 and 10) | <u>(48,615)</u> | <u>(20,153)</u> | <u>(20,190)</u> | <u>(10,346)</u> | <u>(20,526)</u> | <u>(119,830)</u> | <u>(34,497)</u> | <u>(12,267)</u> | <u>(46,764)</u> | <u>(166,594)</u> | <u>(409,202)</u> |
| TOTAL EXPENSES | <u>\$ 2,794,417</u> | <u>\$ 1,242,755</u> | <u>\$ 1,167,843</u> | <u>\$ 669,961</u> | <u>\$ 858,938</u> | <u>\$ 6,733,914</u> | <u>\$ 2,428,635</u> | <u>\$ 1,168,590</u> | <u>\$ 3,597,225</u> | <u>\$ 10,331,139</u> | <u>\$ 10,613,404</u> |

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program Services | | | | | Supporting Services | | | Total 2020 | |
|--|-----------------------|---------------------------|--------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|-------------------|---------------------|---------------------------------|
| | Program Enrichment | Community Consultation | Personnel Development | Direct Service to the Military | Jewish Educational Services | Total Program Services | Management and General | Fundraising | | Total Supporting Services |
| Salaries | \$ 2,133,969 | \$ 779,263 | \$ 230,137 | \$ 276,396 | \$ 615,504 | \$ 4,035,269 | \$ 973,678 | \$ 566,922 | \$ 1,540,600 | \$ 5,575,869 |
| Payroll taxes and employee benefits (Notes 9, 10 and 11) | <u>713,418</u> | <u>256,622</u> | <u>77,279</u> | <u>92,813</u> | <u>241,437</u> | <u>1,381,569</u> | <u>132,094</u> | <u>193,828</u> | <u>325,922</u> | <u>1,707,491</u> |
| Total Salaries and Related Costs | 2,847,387 | 1,035,885 | 307,416 | 369,209 | 856,941 | 5,416,838 | 1,105,772 | 760,750 | 1,866,522 | 7,283,360 |
| Supplies and program materials | 44,706 | 7,162 | 9,393 | 9,817 | 26,735 | 97,813 | 16,599 | 7,787 | 24,386 | 122,199 |
| Rent and maintenance (Notes 2J and 12A) | 325,944 | 99,133 | 35,914 | 43,132 | 108,972 | 613,095 | 345,085 | 73,066 | 418,151 | 1,031,246 |
| Staff transportation and travel | 46,291 | 11,060 | 5,523 | 7,320 | 6,205 | 76,399 | 21,890 | 5,591 | 27,481 | 103,880 |
| Telephone | 6,279 | 2,254 | - | 737 | 2,675 | 11,945 | 23,796 | 662 | 24,458 | 36,403 |
| Conference, conventions, meetings and project costs | 389,479 | 5,283 | 15,350 | 18,749 | 81,339 | 510,200 | 935 | 7,654 | 8,589 | 518,789 |
| Scholarship and grants | 68,278 | - | 104,449 | 32,500 | 14,620 | 219,847 | - | 1,000 | 1,000 | 220,847 |
| Postage and shipping | 4,399 | 65 | 174 | 3,255 | 246 | 8,139 | 7,338 | 3,624 | 10,962 | 19,101 |
| Computer expenses | 58,187 | 26,785 | 661 | 894 | 6,818 | 93,345 | 70,116 | 3,033 | 73,149 | 166,494 |
| Other | 2,631 | - | - | 2,723 | 2,626 | 7,980 | 89,563 | 7,351 | 96,914 | 104,894 |
| Consultants and other professional fees | 211,340 | 133,564 | 84,422 | 6,250 | 56,521 | 492,097 | 186,922 | 58,862 | 245,784 | 737,881 |
| Membership dues | 800 | 449 | - | 3,000 | 880 | 5,129 | 52,280 | 550 | 52,830 | 57,959 |
| Marketing | 219 | - | 72 | 1,827 | 789 | 2,907 | - | - | - | 2,907 |
| Insurance | 32,798 | 9,975 | 3,614 | 4,340 | 16,503 | 67,230 | 34,724 | 7,352 | 42,076 | 109,306 |
| Bad debt expense | - | - | - | - | - | - | 391,119 | - | 391,119 | 391,119 |
| Depreciation and amortization | <u>37,879</u> | <u>10,505</u> | <u>3,806</u> | <u>4,571</u> | <u>15,146</u> | <u>71,907</u> | <u>36,571</u> | <u>7,743</u> | <u>44,314</u> | <u>116,221</u> |
| | 4,076,617 | 1,342,120 | 570,794 | 508,324 | 1,197,016 | 7,694,871 | 2,382,710 | 945,025 | 3,327,735 | 11,022,606 |
| Less: Other components of net periodic pension cost (Notes 9 and 10) | <u>(146,721)</u> | <u>(44,624)</u> | <u>(16,166)</u> | <u>(19,416)</u> | <u>(32,890)</u> | <u>(259,817)</u> | <u>(106,148)</u> | <u>(43,237)</u> | <u>(149,385)</u> | <u>(409,202)</u> |
| TOTAL EXPENSES | <u>\$ 3,929,896</u> | <u>\$ 1,297,496</u> | <u>\$ 554,628</u> | <u>\$ 488,908</u> | <u>\$ 1,164,126</u> | <u>\$ 7,435,054</u> | <u>\$ 2,276,562</u> | <u>\$ 901,788</u> | <u>\$ 3,178,350</u> | <u>\$ 10,613,404</u> |

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 4,949,775 | \$ 4,915,568 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Unrealized gain on investments | (856,293) | (1,935,490) |
| Realized gain on investments | (1,473,128) | (1,043,847) |
| Depreciation and amortization | 114,269 | 116,221 |
| Bad debt | 114,500 | 391,119 |
| Increase in discount on contributions receivable | 1,520 | 390 |
| Pension and non-pension changes other than net periodic costs | (1,143,531) | (89,610) |
| | 1,707,112 | 2,354,351 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable | (763,017) | (317,512) |
| Contributions receivable | (137,336) | (597,910) |
| Prepaid expenses and other assets | (16,570) | 303,835 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 113,986 | (364,078) |
| Accrued salaries and vacation | (188,112) | 257,264 |
| Deferred revenue | 192,926 | (392,513) |
| Deferred rent | (101,249) | (86,006) |
| Accrued pension benefits | (216,742) | (668,225) |
| Accrued non-pension post-retirement benefits | (221,577) | 7,073 |
| Accrued supplemental pension and retirement benefits | 75,298 | 15,964 |
| | 444,719 | 512,243 |
| Net Cash Provided by Operating Activities | 444,719 | 512,243 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of investments | 398,602 | 1,267,185 |
| Purchases of investments | (3,162,206) | (687,658) |
| Purchases of property and equipment | (24,616) | - |
| | (2,788,220) | 579,527 |
| Net Cash (Used in) Provided by Investing Activities | (2,788,220) | 579,527 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from loans payable | 3,350,000 | 150,000 |
| Payments on loans payable | (250,000) | - |
| | 3,100,000 | 150,000 |
| Net Cash Provided by Financing Activities | 3,100,000 | 150,000 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 756,499 | 1,241,770 |
| Cash and cash equivalents - beginning of year | 1,917,874 | 676,104 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 2,674,373 | \$ 1,917,874 |

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

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 that have significant Jewish content to operate. 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.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. 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 no allowance was necessary as of both December 31, 2021 and 2020. Contributions are accounted for under Accounting Standards Update (“ASU”) 2018-08.
- As of December 31, 2021, the Association had received conditional funding from a donor in the amount of approximately \$1,000,000, which has not been recognized in the accompanying financial statements. This funding will be recognized as revenue when contract barriers are overcome. Such barriers include receiving matching funds in accordance with the donor agreement. If matching funds are not received, the Association may be required to return the funds already remitted.
- 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, 2021 and 2020, the Association determined that an allowance for doubtful accounts should be provided for accounts receivable in the amount of \$930,000 and \$925,000, 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 and amortization. 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.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. The Association carries its investments at fair value as explained in Note 15. 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. 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 15.

- I. The Association's program fees are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606. Program revenues includes membership, program and seminar fees, as described in Note 1. Program expenses are costs relating to the programs. Program revenues and expenses are recognized in the year in which they are earned or incurred.

Deferred revenue represents amounts received by the Association for which the Association has not met the conditions or fulfilled a service. Performance obligations are determined based on the nature of the services provided by the Association in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided.

- 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, 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.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL 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 14. The Association also has access to a line of credit for \$400,000 as more fully described in Note 12C.

The following table reflects the Association’s financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements 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 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 as of December 31:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|---------------------|
| Cash and cash equivalents | \$ 2,674,373 | \$ 1,917,874 |
| Accounts receivable – net | 1,367,378 | 718,861 |
| Contributions receivable – net | 2,439,103 | 2,303,287 |
| Investments, at fair value | <u>28,570,380</u> | <u>23,477,355</u> |
| Total financial assets | 35,051,234 | 28,417,377 |
| Less: Contributions receivable due in more than one year (net) | (1,010,500) | (1,562,765) |
| Less: Donor-restricted endowment funds | (22,799,393) | (20,930,963) |
| Plus: Endowment spending-rate distributions and appropriations | <u>614,000</u> | <u>591,100</u> |
| | <u>\$ 11,855,341</u> | <u>\$ 6,514,749</u> |

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|----------------------|----------------------|
| Money market funds | \$ 758,834 | \$ 995,736 |
| Mutual funds | 26,879,004 | 21,374,761 |
| Alternative investments | <u>932,542</u> | <u>1,106,858</u> |
| | <u>\$ 28,570,380</u> | <u>\$ 23,477,355</u> |

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.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS (Continued)

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:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------|---------------------|---------------------|
| Dividends and interest | \$ 345,699 | \$ 279,525 |
| Realized gain | 1,473,128 | 1,043,847 |
| Unrealized gain | 856,293 | 1,935,490 |
| Investment fees | <u>(41,757)</u> | <u>(46,819)</u> |
| Total return on investments | <u>\$ 2,633,363</u> | <u>\$ 3,212,043</u> |

Designation of investment activity:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|---------------------|---------------------|
| Amounts used for operations | \$ 864,930 | \$ 1,095,389 |
| Amount considered non-operating | <u>1,768,433</u> | <u>2,116,654</u> |
| | <u>\$ 2,633,363</u> | <u>\$ 3,212,043</u> |

Investments are subject to market volatility that could substantially change their carrying value in the near term. As of July 13, 2022, the investments of the Association decreased by approximately \$4.5 million or 12% of total assets.

NOTE 5 – CONTRIBUTIONS RECEIVABLE

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

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|---------------------|---------------------|
| Amounts due in less than one year | \$ 1,432,763 | \$ 743,162 |
| Amounts due in one to five years | <u>1,010,500</u> | <u>1,562,765</u> |
| | 2,443,263 | 2,305,927 |
| Discount (at 0.17% - 1.62%) | <u>(4,160)</u> | <u>(2,640)</u> |
| | <u>\$ 2,439,103</u> | <u>\$ 2,303,287</u> |

NOTE 6 – PROPERTY AND EQUIPMENT

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

| | <u>2021</u> | <u>2020</u> | Estimated Useful Lives |
|---|--------------------|--------------------|---------------------------|
| Building and improvements | \$ 358,290 | \$ 358,290 | 29 years |
| Leasehold improvements | 1,801,783 | 1,783,943 | 11-20 years |
| Furniture, equipment and vehicles | 1,287,334 | 1,276,534 | 3-10 years |
| Projects in progress | <u>-</u> | <u>4,024</u> | |
| Total | 3,447,407 | 3,422,791 | |
| Less: accumulated depreciation and amortization | <u>(2,900,590)</u> | <u>(2,786,321)</u> | |
| Total net | <u>\$ 546,817</u> | <u>\$ 636,470</u> | |

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to \$114,269 and \$116,221 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 – LOANS PAYABLE

Loans payable is comprised of the following as of December 31:

| | 2021 | 2020 |
|---|--------------|------------|
| Jewish Community Response and Impact Fund | \$ 2,750,000 | \$ - |
| Emergency Injury Disaster Loan | 500,000 | 150,000 |
| | \$ 3,250,000 | \$ 150,000 |

In January 2021, the Association received a loan from the Jewish Community Response and Impact Fund (“JCRIF”) in the amount of \$3,000,000. The loan is interest-free and matures in October 2024. The proceeds of the loan will be used to further the Associations tax-exempt purpose or mission by alleviating cash flow challenges and enabling the Association to maintain services and/or meet payroll obligations in connection with delays or losses of revenue attributable to the COVID-19 pandemic.

In July 2020, the Association received an Emergency Injury Disaster Loan (“EIDL”) of \$150,000. The Association received this loan through a Small Business Administration (“SBA”) authorized lender. During September 2021, the loan amount has been increased from \$150,000 to \$500,000. The loan bears interest at a fixed rate of 2.75% per annum. The Association may prepay this note in part or in full at any time, without notice or penalty. The Association must pay principal and interest payments of \$2,212 every month beginning twenty-four (24) months from the date of the note. All remaining principal and accrued interest is due and payable thirty (30) years from the date of the Note.

Future annual principal payments are as follows for the years ending after December 31, 2021:

| | |
|------------|--------------|
| 2022 | \$ 756,434 |
| 2023 | 1,013,136 |
| 2024 | 1,013,501 |
| 2025 | 13,877 |
| 2026 | 14,264 |
| Thereafter | 438,788 |
| | \$ 3,250,000 |

NOTE 8 – 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, 2021 and 2020, the Association held \$24,698 for the Research Center for use in the Research Center’s future operations.

NOTE 9 – 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.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 – PENSION PLANS (Continued)

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | \$ 8,785,718 | \$ 8,573,138 |
| Interest cost | 166,181 | 241,366 |
| Actuarial (gain) loss | (553,294) | 535,181 |
| Benefits paid | <u>(609,530)</u> | <u>(563,967)</u> |
| Benefit obligation at end of year | 7,789,075 | 8,785,718 |
| Fair value of plan assets | <u>(5,661,385)</u> | <u>(5,297,755)</u> |
| Unfunded status | <u>\$ (2,127,690)</u> | <u>\$ (3,487,963)</u> |
| Amounts recognized in the statements of financial position: | | |
| Net pension liability | <u>\$ 2,127,690</u> | <u>\$ 3,487,963</u> |
| Employer contribution | <u>\$ 553,635</u> | <u>\$ 992,024</u> |

As of December 31, 2021 and 2020, the accumulated benefit obligation for the pension plan was \$7,789,075 and \$8,785,718, respectively.

GAAP requires an employer to: (a) recognize in its statements 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 post-retirement 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:

| | <u>2021</u> | <u>2020</u> |
|---------------------------|-------------------|-------------------|
| Interest cost | \$ 166,181 | \$ 241,366 |
| Expected return on assets | (399,215) | (312,641) |
| Amortization of net loss | <u>442,583</u> | <u>529,667</u> |
| Net periodic pension cost | <u>\$ 209,549</u> | <u>\$ 458,392</u> |

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:

| | <u>2021</u> | <u>2020</u> |
|--------------------------|-----------------------|---------------------|
| Net (gain) loss | \$ (573,604) | \$ 305,464 |
| Amortization of net loss | <u>(442,583)</u> | <u>(529,667)</u> |
| | <u>\$ (1,016,187)</u> | <u>\$ (224,203)</u> |

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 Accounting Standards Codification ("ASC") 715 are as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------|---------------------|---------------------|
| Net actuarial loss | <u>\$ 2,879,185</u> | <u>\$ 3,895,372</u> |

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 \$383,053.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 – PENSION PLANS (Continued)

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:

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| Discount rate used for net periodic benefit cost | 2.03% | 2.94% |
| Discount rate used for pension obligation | 2.52% | 2.03% |
| Expected return on plan assets | 7.50% | 7.50% |
| Mortality table | RP20C | RP20C |

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.

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:

| | |
|-----------|------------|
| 2022 | \$ 673,206 |
| 2023 | 660,059 |
| 2024 | 658,478 |
| 2025 | 637,426 |
| 2026 | 611,043 |
| 2027-2031 | 2,616,916 |

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 2021 are \$28,431. 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, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|--------------------------------------|---------------------|------------------|---------------------|
| AXA Equitable Life Insurance Company | | | |
| Guarantee account | \$ - | \$ 50,474 | \$ 50,474 |
| Money market funds | 72,816 | - | 72,816 |
| Mutual funds | <u>5,538,095</u> | <u>-</u> | <u>5,538,095</u> |
| | <u>\$ 5,610,911</u> | <u>\$ 50,474</u> | <u>\$ 5,661,385</u> |

The assets for the pension plan consist of the following as of December 31, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|--------------------------------------|---------------------|-------------------|---------------------|
| AXA Equitable Life Insurance Company | | | |
| Guarantee account | \$ - | \$ 144,657 | \$ 144,657 |
| Money market funds | 136,388 | - | 136,388 |
| Mutual funds | <u>5,016,710</u> | <u>-</u> | <u>5,016,710</u> |
| | <u>\$ 5,153,098</u> | <u>\$ 144,657</u> | <u>\$ 5,297,755</u> |

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, 2021 and 2020, the Association incurred expenses amounting to \$218,804 and \$228,572 for contributions to the Plan, respectively.

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 – NON-PENSION POST-RETIREMENT 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.

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

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|-----------------------|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | \$ 1,020,649 | \$ 1,013,576 |
| Service cost | 11,280 | 12,482 |
| Interest cost | 21,684 | 28,844 |
| Actuarial (gain) loss | (203,264) | 44,077 |
| Benefits paid | <u>(51,277)</u> | <u>(78,330)</u> |
| Unfunded status | <u>\$ (799,072)</u> | <u>\$ (1,020,649)</u> |
| Amounts recognized in the statements of financial position: | | |
| Accrued non-pension post-retirement benefits | <u>\$ 799,072</u> | <u>\$ 1,020,649</u> |
| Employer contributions | <u>\$ 51,277</u> | <u>\$ 78,330</u> |

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:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|-------------------|-------------------|
| Unamortized prior service cost | \$ (46,393) | \$ (59,877) |
| Gain | <u>696,026</u> | <u>582,166</u> |
| | <u>\$ 649,633</u> | <u>\$ 522,289</u> |

The periodic post-retirement benefit costs are as follows for the years ended December 31:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|--------------------|--------------------|
| Service cost | \$ 11,280 | \$ 12,482 |
| Interest cost | 21,684 | 28,844 |
| Amortization of prior service cost | 13,484 | 13,484 |
| Amortization of gain | <u>(89,404)</u> | <u>(104,000)</u> |
| Net post-retirement benefit cost | <u>\$ (42,956)</u> | <u>\$ (49,190)</u> |

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

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|---------------------|-------------------|
| Net actuarial (gain) loss | \$ (203,264) | \$ 44,077 |
| Amortization of actuarial gain | 89,404 | 104,000 |
| Amortization of prior service cost | <u>(13,484)</u> | <u>(13,484)</u> |
| | <u>\$ (127,344)</u> | <u>\$ 134,593</u> |

JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 – NON-PENSION POST-RETIREMENT BENEFITS (Continued)

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:

| | 2021 | 2020 |
|---|-------|-------|
| Discount rate used to determine benefit obligations | 2.58% | 2.21% |
| Discount rate used to determine net periodic benefit cost | 2.21% | 3.00% |

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:

| | | |
|-------------|----|---------|
| 2022 | \$ | 63,458 |
| 2023 | | 57,529 |
| 2024 | | 56,175 |
| 2025 | | 52,005 |
| 2026 | | 48,299 |
| 2027 - 2031 | | 210,900 |

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 |

As of December 31, 2021, the annual rate of increase in healthcare costs was revised to better reflect future expectation, including updating long-term rates based on the SOA long-term healthcare cost trends.

NOTE 11 – 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 \$349,592 and \$274,294 and as of December 31, 2021 and 2020, 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 \$349,592 and \$274,294 as of December 31, 2021 and 2020, respectively, and are reflected as accrued supplemental pension and retirement benefits on the accompanying statements of financial position.

NOTE 12 – 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 \$743,400 and \$844,649 as of December 31, 2021 and 2020, respectively.

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NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

The Association is obligated under various lease agreements for the use of equipment through 2026.

The following is a schedule by years of the future lease payments (including the 2% annual escalations) for the years ending after December 31, 2021:

| | <u>Office Space</u> | <u>Equipment</u> | <u>Total</u> |
|------|---------------------|------------------|---------------------|
| 2022 | \$ 842,361 | \$ 33,792 | \$ 876,153 |
| 2023 | 859,209 | 28,160 | 887,369 |
| 2024 | 876,393 | - | 876,393 |
| 2025 | 893,921 | - | 893,921 |
| 2026 | <u>893,921</u> | <u>-</u> | <u>893,921</u> |
| | <u>\$ 4,365,805</u> | <u>\$ 61,952</u> | <u>\$ 4,427,757</u> |

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, 2021 and 2020 amounted to \$991,658 and \$987,626, respectively. Sublease revenue for the years ended December 31, 2021 and 2020, amounted to \$232,981 and \$303,957, respectively.

- B. In addition, the Association entered into a ten-year agreement with its former 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:

| | |
|------|-------------------|
| 2022 | \$ 80,703 |
| 2023 | 80,703 |
| 2024 | <u>31,594</u> |
| | <u>\$ 193,000</u> |

- C. In March 2015, the Association entered into a line of credit agreement with a bank for \$400,000. The agreement expired on June 1, 2021. The line had an interest at the bank's prime rate plus 1% with a floor of 4% and was secured by a general UCC-1 filing on the Association's assets.
- D. The Association believes it had no uncertain tax positions as of December 31, 2021 and 2020, in accordance with ASC Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- E. The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Association's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Association is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Association's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Association continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.
- F. On April 21, 2020, the Association received loan proceeds in the amount of \$1,111,250 under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

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NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

The Association has opted to account for the PPP loan under FASB ASC 958. The Association believes that it has met all of the conditions for forgiveness of the PPP loan as of December 31, 2020 and recognized revenue amounting to \$1,111,250. On April 14, 2021, the Association received forgiveness for the entire amount.

On February 9, 2021, the Association was approved for a second-draw PPP loan amounting to \$1,174,627. The terms and conditions of the second-draw loan are the same as in the first loan. The Association has opted to account for the PPP loan under FASB ASC 958. The Association believes that it has met all of the conditions for forgiveness of the PPP loan as of December 31, 2021 and recognized revenue amounting to \$1,174,627.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|----------------------|----------------------|
| Time restricted | \$ 1,827,631 | \$ 1,376,381 |
| Specific program support | 10,794,808 | 8,213,950 |
| Scholarship | 2,149,798 | 1,892,521 |
| Research | 2,144,751 | 1,916,983 |
| Jewish education | 737,908 | 720,791 |
| Facility | <u>275,326</u> | <u>241,611</u> |
| Total restricted for purpose and time | 17,930,222 | 14,362,237 |
| Endowment corpus | <u>16,399,986</u> | <u>16,299,986</u> |
| Net assets with donor restrictions | <u>\$ 34,330,208</u> | <u>\$ 30,662,223</u> |

Net assets with donor restrictions of \$2,916,615 and \$3,029,464 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, 2021 and 2020, respectively.

NOTE 14 – 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 2021 and 2020 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, 2021 and 2020, the outstanding loan balance amounted to \$959,100, which is included in the endowment corpus.

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NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL IN NATURE (“ENDOWMENT FUNDS”) (Continued)

Changes in endowment net assets for year ended December 31, 2021 are as follows:

| | <u>Unappropriated Earnings</u> | <u>Endowment Corpus</u> | <u>Total</u> |
|---|------------------------------------|-----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 4,630,977 | \$ 16,299,986 | \$ 20,930,963 |
| Investment activity: | | | |
| Contributions | - | 100,000 | 100,000 |
| Interest and dividends | 289,781 | - | 289,781 |
| Unrealized and realized gain on investments | <u>2,329,418</u> | <u>-</u> | <u>2,329,418</u> |
| Total investment activity | 2,619,199 | 100,000 | 2,719,199 |
| Amounts appropriated for operations | <u>(850,766)</u> | <u>-</u> | <u>(850,766)</u> |
| Endowment net assets, end of year | <u>\$ 6,399,407</u> | <u>\$ 16,399,986</u> | <u>\$ 22,799,396</u> |

Changes in endowment net assets for year ended December 31, 2020 are as follows:

| | <u>Unappropriated Earnings</u> | <u>Endowment Corpus</u> | <u>Total</u> |
|---|------------------------------------|-----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 2,514,323 | \$ 16,299,986 | \$ 18,814,309 |
| Investment activity: | | | |
| Interest and dividends | 241,225 | - | 241,225 |
| Unrealized and realized gain on investments | <u>2,979,337</u> | <u>-</u> | <u>2,979,337</u> |
| Total investment activity | 3,220,562 | - | 3,220,562 |
| Amounts appropriated for operations | <u>(1,103,908)</u> | <u>-</u> | <u>(1,103,908)</u> |
| Endowment net assets, end of year | <u>\$ 4,630,977</u> | <u>\$ 16,299,986</u> | <u>\$ 20,930,963</u> |

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, 2021 and 2020, there were no funds with permanently restricted balances that had a deficiency in the fair market value of the underlying investments.

NOTE 15 – 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.

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.

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DECEMBER 31, 2021 AND 2020

NOTE 15 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at December 31, 2021, are classified in the table as follows:

| | <u>Level 1</u> | <u>Total</u> |
|---|----------------------|----------------------|
| ASSETS CARRIED AT FAIR VALUE | | |
| Investments: | | |
| Money market funds | \$ 758,834 | \$ 758,834 |
| Mutual funds | <u>26,879,004</u> | <u>26,879,004</u> |
| | <u>27,637,838</u> | <u>27,637,838</u> |
| Investments measured using net asset value as a practical expedient | | <u>932,542</u> |
| Total investments, at fair value | | <u>28,570,380</u> |
| 457(b) Plan – mutual funds | | |
| Mutual funds | <u>349,592</u> | <u>349,592</u> |
| | <u>349,592</u> | <u>349,592</u> |
| | <u>\$ 27,987,430</u> | <u>\$ 28,919,972</u> |

Financial assets carried at fair value at December 31, 2020, are classified in the table as follows:

| | <u>Level 1</u> | <u>Total</u> |
|---|----------------------|----------------------|
| ASSETS CARRIED AT FAIR VALUE | | |
| Investments: | | |
| Money market funds | \$ 995,736 | \$ 995,736 |
| Mutual funds | <u>21,374,761</u> | <u>21,374,761</u> |
| | <u>22,370,497</u> | <u>22,370,497</u> |
| Investments measured using net asset value as a practical expedient | | <u>1,106,858</u> |
| Total investments, at fair value | | <u>23,477,355</u> |
| 457(b) Plan – mutual funds | | |
| Mutual funds | <u>274,294</u> | <u>274,294</u> |
| | <u>274,294</u> | <u>274,294</u> |
| | <u>\$ 22,644,791</u> | <u>\$ 23,751,649</u> |

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

**JEWISH COMMUNITY CENTERS ASSOCIATION OF NORTH AMERICA
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DECEMBER 31, 2021 AND 2020**

NOTE 15 – FAIR VALUE MEASUREMENTS (Continued)

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:

| | <u>Fair Value – December 31, 2021</u> | <u>Fair Value – December 31, 2020</u> | <u>Unfunded Commitment</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|-------------------------|---|---|--------------------------------|---------------------------------|-------------------------------------|
| Alternative investments | \$ 932,542 | \$ 1,106,858 | \$ - | Quarterly | 90 days |
| | <u>\$ 932,542</u> | <u>\$ 1,106,858</u> | <u>\$ -</u> | | |

NOTE 16 – 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, 2021 and 2020, the Association had cash balances that exceeded the FDIC insurance limits by approximately \$2,294,000 and \$1,516,000, respectively. Such excess includes outstanding checks.

NOTE 17 – EMPLOYEE RETENTION TAX CREDIT

During the year ended June 30, 2021, the Association benefited from credits related to the passage of the CARES Act on March 27, 2020, in response to the COVID-19 crisis. Under the CARES Act, the Association qualified for an Employee Retention Credit (“ERC”) for revenue loss due to the COVID-19 crisis. As a result of the CARES Act, the Association recorded a total income of \$922,667 which is included in the accompanying statements of activities. There is no assurance that regulatory authorities will not challenge the Association’s claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Association.

NOTE 18 – DEFICIT FROM OPERATIONS

As of December 31, 2021, the Association’s net assets without donor restrictions stood at a deficit balance of \$6,658,555. After subtracting the items that relate to the Association’s net investment in property and equipment, pension and other post-retirement benefits, the Association has a deficit from operations of \$4,278,610 as of December 31, 2021. 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 19 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 13, 2022 the date the financial statements were available to be issued.