

# **The Jewish Community Center of Greater Columbus**

Financial Report  
June 30, 2018

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RSM US LLP

## Independent Auditor's Report

To the Board of Trustees  
The Jewish Community  
Center of Greater Columbus

### Report on the Financial Statements

We have audited the accompanying financial statements of The Jewish Community Center of Greater Columbus (the Center), which comprise the statement of financial position as of June 30, 2018, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Community Center of Greater Columbus as of June 30, 2018, 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.

## Independent Auditor's Report (Continued)

### Report on Summarized Comparative Information

We have previously audited The Jewish Community Center of Greater Columbus' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RSM US LLP*

Columbus, Ohio  
January 16, 2019

**The Jewish Community Center of Greater Columbus**

**Statement of Financial Position**

**June 30, 2018**

**(With Comparative Totals at June 30, 2017)**

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash and cash equivalents	\$ 1,458,909	\$ 1,769,351
Accounts receivable, net	262,776	380,890
Contributions receivable, net:		
Columbus Jewish Federation	532,168	558,153
Capital campaign	2,000	49,977
Prepaid expenses and deposits	277,846	177,100
Inventories	39,282	34,144
<b>Total current assets</b>	<b>2,572,981</b>	<b>2,969,615</b>
Other assets:		
Israel bonds	25,000	25,000
Investments held with Columbus Jewish Foundation	3,830,401	3,323,799
Beneficial interest in assets held by Columbus Jewish Foundation	1,071,030	1,016,014
<b>Total other assets</b>	<b>4,926,431</b>	<b>4,364,813</b>
Right to use asset - State of Ohio	566,375	566,375
Accumulated amortization	(226,551)	(198,232)
<b>Total right to use asset - State of Ohio</b>	<b>339,824</b>	<b>368,143</b>
Property held for lease	152,532	152,532
Accumulated depreciation	(130,301)	(125,778)
<b>Total property held for lease</b>	<b>22,231</b>	<b>26,754</b>
Property and equipment:		
Building, leasehold and ground improvements	10,537,355	10,513,880
Furniture, fixtures and equipment	2,544,809	2,496,933
Accumulated depreciation	(6,262,916)	(5,907,095)
<b>Total property and equipment</b>	<b>6,819,248</b>	<b>7,103,718</b>
<b>Total assets</b>	<b>\$ 14,680,715</b>	<b>\$ 14,833,043</b>

See notes to financial statements.

<b>Liabilities and Net Assets</b>	<b>2018</b>	<b>2017</b>
Current liabilities:		
Current portion of mortgage loan	\$ -	\$ 67,472
Accounts payable and other accrued expenses	425,267	301,038
Accrued payroll and related liabilities	598,575	576,619
Deferred revenue	963,542	1,049,356
Advances from State of Ohio - right to use	28,319	28,319
<b>Total current liabilities</b>	<b>2,015,703</b>	<b>2,022,804</b>
Noncurrent liabilities:		
Mortgage loan, net of current portion	-	227,953
Advances from State of Ohio - right to use	311,505	339,824
<b>Total liabilities</b>	<b>2,327,208</b>	<b>2,590,581</b>
Net assets:		
Unrestricted	6,657,947	6,797,087
Temporarily restricted	2,383,119	2,228,168
Permanently restricted	3,312,441	3,217,207
<b>Total net assets</b>	<b>12,353,507</b>	<b>12,242,462</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,680,715</b>	<b>\$ 14,833,043</b>

See notes to financial statements.

The Jewish Community Center of Greater Columbus

**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2018**  
**(With Comparative Totals for June 30, 2017)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	2017 Totals
Public support revenue:					
Contributions from Columbus Jewish Federation	\$ -	\$ 532,168	\$ -	\$ 532,168	\$ 567,251
Contributions from United Way	18,052	-	-	18,052	9,095
Grant income	216,364	-	-	216,364	175,057
Other contributions	460,660	86,661	85,931	633,252	1,368,233
<b>Total public support revenue</b>	<b>695,076</b>	<b>618,829</b>	<b>85,931</b>	<b>1,399,836</b>	<b>2,119,636</b>
Membership and other supporting revenue:					
Membership dues	1,850,023	-	-	1,850,023	1,821,288
Program services	6,841,236	-	-	6,841,236	6,543,336
<b>Total membership and program service revenue</b>	<b>8,691,259</b>	<b>-</b>	<b>-</b>	<b>8,691,259</b>	<b>8,364,624</b>
Other revenue:					
Rentals, events and other revenue	759,892	-	-	759,892	595,625
Third-party payments	85,244	-	-	85,244	85,899
Sales of merchandise	130,104	650	-	130,754	129,662
<b>Total other revenue</b>	<b>975,240</b>	<b>650</b>	<b>-</b>	<b>975,890</b>	<b>811,186</b>
<b>Total revenue</b>	<b>10,361,575</b>	<b>619,479</b>	<b>85,931</b>	<b>11,066,985</b>	<b>11,295,446</b>
Net assets released from restrictions	726,952	(705,205)	(21,747)	-	-
<b>Total revenue net of releases</b>	<b>11,088,527</b>	<b>(85,726)</b>	<b>64,184</b>	<b>11,066,985</b>	<b>11,295,446</b>
Expenses:					
Salaries and benefits	7,016,355	-	-	7,016,355	6,624,820
Program expenses	1,772,021	-	-	1,772,021	1,848,898
Operating expenses	810,203	-	-	810,203	796,530
Occupancy expenses	1,076,691	-	-	1,076,691	1,037,097
Depreciation expense	533,892	-	-	533,892	509,920
<b>Total expenses</b>	<b>11,209,162</b>	<b>-</b>	<b>-</b>	<b>11,209,162</b>	<b>10,817,265</b>
<b>Change in net assets before other income (loss)</b>	<b>(120,635)</b>	<b>(85,726)</b>	<b>64,184</b>	<b>(142,177)</b>	<b>478,181</b>
Other income (loss):					
Interest and dividends income	13,019	214,084	2,627	229,730	65,212
Unrealized income (loss) on investments	(9,509)	28,133	-	18,624	343,972
Change in fair value of beneficial interests	-	(1,540)	28,423	26,883	97,461
Loss on disposal of fixed assets, net	(22,015)	-	-	(22,015)	(38,297)
<b>Total other income (loss)</b>	<b>(18,505)</b>	<b>240,677</b>	<b>31,050</b>	<b>253,222</b>	<b>468,348</b>
<b>Change in net assets</b>	<b>(139,140)</b>	<b>154,951</b>	<b>95,234</b>	<b>111,045</b>	<b>946,529</b>
Net assets - beginning of year	6,797,087	2,228,168	3,217,207	12,242,462	11,295,933
Net assets - end of year	\$ 6,657,947	\$ 2,383,119	\$ 3,312,441	\$ 12,353,507	\$ 12,242,462

See notes to financial statements.

The Jewish Community Center of Greater Columbus

Statement of Functional Expenses

Year Ended June 30, 2018

(With Comparative Totals for June 30, 2017)

	Early Childhood Services Division	Children Camping and Youth Division	Recreation and Wellness Division	Adult, Arts and Education Division	Endowment Division	Total Program Expenses	Support and Adminis- tration	Fundraising and Special Events	Rentals	2018 Total Expenses	2017 Total Expenses
Salaries	\$ 3,255,998	\$ 658,834	\$ 1,281,668	\$ 238,322	\$ 24,500	\$ 5,459,322	\$ 318,651	\$ 95,877	\$ -	\$ 5,873,850	\$ 5,575,652
Payroll taxes	287,584	56,611	111,046	22,138	-	477,379	26,949	7,867	-	512,195	503,624
Employees' benefits	384,169	73,905	79,473	11,191	-	548,738	74,164	7,408	-	630,310	545,544
Contract services	180,563	72,585	218,957	55,256	16,075	543,436	55,621	27,309	-	626,366	643,424
Supplies	61,707	52,330	70,885	29,935	12,988	227,845	3,062	18,574	-	249,481	296,554
Merchandise for resale	-	-	319	2,367	455	3,141	29,523	1,072	-	33,736	51,917
Food services	285,102	50,918	29,877	62,083	330	428,310	251,708	9,857	-	689,875	641,257
Postage	213	102	83	3,410	4	3,812	4,692	706	-	9,210	10,687
Vehicle and mileage	6,526	75,838	856	13,415	-	96,635	10,842	-	-	107,477	139,120
Printing and publicity	9,196	4,967	13,199	17,028	120	44,510	3,553	7,813	-	55,876	65,939
Professional services	-	-	-	-	-	-	27,325	-	-	27,325	25,700
Computer support	32,641	10,077	26,418	4,650	-	73,786	4,024	1,312	-	79,122	61,661
Equipment rental	15,384	5,753	13,432	4,560	76,721	115,850	36,169	3,532	-	155,551	160,254
Equipment repair and maintenance	-	334	7,305	-	1,592	9,231	9,026	-	-	18,257	18,622
Recruitment	6,001	2,392	1,784	118	-	10,295	1,422	-	-	11,717	10,685
Travel and training	941	6,990	4,690	3,062	6,289	21,972	22,622	-	-	44,594	30,309
Dues/licenses/permits	39,726	28,478	18,457	14,334	19,660	120,655	14,063	2,090	4,607	141,415	146,073
Scholarships	159,082	74,135	2,885	5,769	9,088	250,959	-	-	-	250,959	263,354
Allocation to JCCA	-	-	-	-	-	-	79,572	-	-	79,572	79,872
Telephone	8,712	5,651	7,540	606	-	22,509	2,825	173	-	25,507	47,186
Utilities	170,225	45,646	197,781	17,800	-	431,452	18,157	19,778	306	469,693	460,697
Insurance	19,381	17,387	15,743	7,977	-	60,488	5,194	784	229	66,695	80,013
Building/grounds repair and maintenance	76,274	29,271	232,369	19,636	14,229	371,779	72,719	227	3,401	448,126	309,521
Facilities rental	63,839	-	100	4,772	-	68,711	-	-	-	68,711	77,581
Interest	-	-	-	-	-	-	270	1,421	-	1,691	-
Bad debt expense (recovery)	-	-	-	-	-	-	10,616	(19,082)	-	(8,466)	23,721
Miscellaneous	804	23	203	65	3,726	4,821	402	2	1,200	6,425	38,378
<b>Total expenses before depreciation and amortization</b>	<b>5,064,068</b>	<b>1,272,227</b>	<b>2,335,070</b>	<b>538,494</b>	<b>185,777</b>	<b>9,395,636</b>	<b>1,083,171</b>	<b>186,720</b>	<b>9,743</b>	<b>10,675,270</b>	<b>10,307,345</b>
Depreciation and amortization	120,025	70,076	164,781	54,433	-	409,315	91,735	28,319	4,523	533,892	509,920
<b>Total expenses</b>	<b>\$ 5,184,093</b>	<b>\$ 1,342,303</b>	<b>\$ 2,499,851</b>	<b>\$ 592,927</b>	<b>\$ 185,777</b>	<b>\$ 9,804,951</b>	<b>\$ 1,174,906</b>	<b>\$ 215,039</b>	<b>\$ 14,266</b>	<b>\$ 11,209,162</b>	<b>\$ 10,817,265</b>

See notes to financial statements.



**The Jewish Community Center of Greater Columbus**

**Statement of Cash Flows**

**For the Year Ended June 30, 2018**

**(With Comparative Totals for June 30, 2017)**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 111,045	\$ 946,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	533,892	509,920
Loss on disposal of assets	22,015	38,297
Unrealized gain on investments	(18,624)	(343,972)
Change in fair value of beneficial interest	(26,883)	(97,461)
Recognition of forgiveness on advances from State of Ohio	(28,319)	(28,319)
Contributions restricted for permanent investment	(85,931)	(164,997)
(Increase) decrease in assets:		
Accounts, contributions and pledges receivable, net	192,076	91,651
Prepaid expenses, deposits and inventories	(105,884)	61,562
Increase (decrease) in liabilities:		
Accounts payable, accrued payroll and other accrued expenses	146,185	(64,077)
Deferred revenue	(85,814)	(311,445)
<b>Net cash provided by operating activities</b>	<b>653,758</b>	<b>637,688</b>
Cash flows from investing activities:		
Increase in investments held with Columbus Jewish Foundation	(487,978)	(35,572)
Proceeds from sale of property and equipment	350	-
Purchases of property and equipment	(238,945)	(496,101)
<b>Net cash used in investing activities</b>	<b>(726,573)</b>	<b>(531,673)</b>
Cash flows from financing activities:		
Contribution restricted for permanent investment	57,798	72,997
Payments on mortgage loan	(295,425)	(111,233)
<b>Net cash used in financing activities</b>	<b>(237,627)</b>	<b>(38,236)</b>
<b>Net change in cash and cash equivalents</b>	<b>(310,442)</b>	<b>67,779</b>
Cash and cash equivalents:		
Beginning	1,769,351	1,701,572
Ending	<b>\$ 1,458,909</b>	<b>\$ 1,769,351</b>
Supplemental schedule of noncash investing and financing activities:		
Contribution of beneficial interest	<b>\$ 28,133</b>	<b>\$ 92,000</b>

See notes to financial statements.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 1. Nature and Scope of Organization

The Jewish Community Center of Greater Columbus (the Center) is a nonprofit human service agency offering a varied program that is Jewish in nature. It is committed to enhancing the quality of individual and family life through the promotion of physical, intellectual and spiritual wellness. It provides educational and cultural programs that reflect the Jewish heritage, health related activities and many services to the community at large. Through its wide array of programs, the Center pursues its mission of strengthening the individual, family and community.

#### Note 2. Summary of Significant Accounting Policies

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

**Financial statement presentation:** The Center reports information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted net assets:** Net assets that are not subject to donor-imposed restrictions and are available for use in the Center's ongoing operations.

**Temporarily restricted net assets:** Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of the Center pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due.

**Permanently restricted net assets:** Net assets subject to donor-imposed restrictions that the principal be maintained permanently by the Center and generally allow the use of investment earnings.

**Comparative information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

**Cash and cash equivalents:** The Center considers cash and cash equivalents to include cash on hand, demand deposits, money market accounts and all highly liquid investments with original maturities of three months or less. Cash and cash equivalents have been designated by the Center for the following purposes at June 30, 2018:

General operations, including savings	\$	870,936
Building repair and maintenance		165,254
Tribute funds		406,695
Rental property expenses		16,024
	\$	<u>1,458,909</u>

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Investments held with Columbus Jewish Foundation:** Investments consist of a pool of fixed income and equity investments securities recorded at their fair value. Interest, dividends, and gains and losses on investments are included in the accompanying statement of activities.

Marketable securities are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the values of marketable securities may occur in the near term, which could be material.

**Accounts receivable, deferred revenue and revenues:** The primary operating revenue categories are as follows:

**Membership dues:** Dues are assessed at various times during the year based on when the memberships are initially registered and renewed and a form of payment is received. If the member elects to pay in full, the dues are recorded as deferred revenue initially in the first month of the membership and then recognized as revenue on a pro-rata basis each month. Otherwise, revenue is recorded when payment is collected, in the same month that the membership is used.

**Program services:** Program service fees include a variety of offerings and are recorded on the accrual basis. Revenues are recognized in the month the programs and services are rendered. If participants pay in advance of the program or service, funding is recorded as deferred revenue and then recognized in the month the program or service is rendered.

All receivables are considered past due 30 days after any invoice is rendered. The Center does not charge interest on any overdue accounts.

The Center utilizes the allowance method to recognize potentially uncollectible amounts based on management's estimation of the amount that may not be collected. The estimation takes into consideration overall historical trends as well as past history with specific members and participants. Actual results could vary from the estimates. Accounts are charged against the allowance when management deems them to be uncollectible.

**Capital campaign pledge receivable:** The capital campaign pledge receivables consists of \$2,000 which is expected to be collected in less than one year. At June 30, 2018, no allowance for uncollectible pledges is considered necessary.

**Inventories:** Inventories, which consist primarily of food and maintenance supplies, are all finished products and are carried at the lower of cost or market, determined on a first-in, first-out (FIFO) basis.

**Beneficial interest in assets held by Columbus Jewish Foundation:** The Center follows Financial Accounting Standards Board (FASB) guidance related to transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. This guidance establishes standards for transactions between the Center, as beneficiary, and the Columbus Jewish Foundation (the Foundation), as the recipient organization. In the statement of financial position, these assets are presented as beneficial interest in assets held by the Columbus Jewish Foundation.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Property and equipment:** Property and equipment are carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to forty years. Major acquisitions and improvements are capitalized and depreciated. Maintenance and repairs, which do not improve or extend the useful lives of the respective assets, are recorded to expense as incurred. The carrying amounts of assets sold, retired or otherwise disposed and the related accumulated depreciation is eliminated from the accounts and any resulting gain or loss is included in the statement of activities.

The carrying value of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed at June 30, 2018.

**Contributions and public support:** Public support funding is classified as contributions revenue. Unconditional contributions are recognized as revenue in the month the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met, the pledge or grant can be considered legally enforceable, or the likelihood of the condition not occurring is remote. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence, nature or term of use of any donor restrictions. Restricted contributions for which the restriction is fulfilled in the same year the contribution is received are recorded directly to unrestricted contributions on the statement of activities and changes in net assets. Contributions with restrictions that are not fulfilled in the same year remain as temporarily restricted until either the required use or passage of time restrictions are fulfilled. Accordingly, such contributions are then released from restrictions and recorded as unrestricted net assets. Contributions to be received after one year are discounted at a rate commensurate with a risk free rate. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

**Contributed goods and services:** Contributions of property, equipment, investments, or any other types of assets are recorded at fair value at the date of donation.

Donated services are recognized as contributions only if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. During 2018, a substantial number of unpaid volunteers, including members of the Board of Trustees, made significant contributions of time to promote and administer the activities at the Center. The value of this contributed time is not reflected in the financial statements since the aforementioned criteria were not met.

In addition, the Columbus Jewish Federation (the Federation), owns the main building from which the Center operates. The Federation does not require rent payments from the Center; however, the Center is required to pay all building operating costs. Capital improvements are funded either through an allocation from the Federation or from the Center's operating funds or capital campaign funds.

**Income taxes:** The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except taxes pertaining to unrelated business income, if any. The Center is also partially exempt from real estate taxes.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

The Center follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At June 30, 2018, there were no unrecognized tax benefits identified or recorded as liabilities.

The Center files forms 990 and 990T in the U.S. federal jurisdiction and the state of Ohio. With few exceptions, the Center is no longer subject to examination by the Internal Revenue Service for years before 2014.

**Rent expense:** Rental expense for leases that contain a predetermined fixed escalation of the minimum rent is recognized on a straight-line basis over the lease term. The difference between the recognized rental expense and the amounts payable under the lease (if any) is recorded as deferred rent, which is included in accounts payable and other accrued expenses on the accompanying statement of financial position. As of June 30, 2018 there was approximately \$10,800 of deferred rent expense.

**Recent accounting pronouncements:** In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Center has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities, (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The objective of this statement is to improve the current net asset classification requirements and information presented in financial statements and notes about an entity's liquidity, financial performance and cash flows. The statement is effective for fiscal years beginning after December 15, 2017. The Center has not yet determined the impact this statement will have on its financial statements.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The objective of this statement is to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and determining whether a contribution is conditional. For transactions in which an entity is the resource recipient, the statement is effective for fiscal years beginning after December 15, 2018. The Center has not yet determined the impact this statement will have on its financial statements.

**Subsequent events:** The Center evaluated subsequent events for potential recognition and/or disclosure through January 16, 2019, the date the financial statements were available to be issued.

#### Note 3. Accounts Receivable

Accounts receivable consist of the following as of June 30, 2018:

Member receivables	\$ 171,330
Grants receivables	11,563
Other	88,449
	<hr/>
	271,342
Allowance for uncollectible accounts	(8,566)
	<hr/>
	<u>\$ 262,776</u>

#### Note 4. Investments Held with the Columbus Jewish Foundation

The Center's investments are held in pooled investment funds managed by the Foundation. The pooled investment funds are comprised of fixed income and equity investments for which the Center is credited pro rata shares of investment returns based upon units of ownership interest. The Center invested certain available funds that were directly received from donors. The corpus of the donations were either temporarily or permanently restricted, with interest earned classified as temporarily restricted income. Investment income and the change in fair value resulting from holding the investments are allocated to the classes of net assets based on specific identification. Investments of \$3,830,401 are comprised of investment pools invested in fixed income and equity investments at June 30, 2018.

#### Note 5. Fair Value Measurements

The Center follows the FASB guidance regarding fair value measurements. The guidance applies to all financial instruments that are being measured and reported at fair value and establishes a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements.

The three categories are defined as follows:

Level 1 -- Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

Level 2 -- Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 -- Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

**Pooled funds:** The Center participates in a pooled fund held and managed by the Foundation. The fair value of the pooled funds held by the Center is based on the net asset value (NAV) of units held at year end. Therefore, it was determined that these investments qualified as Level 2. While the Center believes their valuation method is appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Beneficial interest in assets held by Columbus Jewish Foundation:** The fair value of the beneficial interest in assets held by others is based on quoted prices of underlying assets held by trustees. Due to the restrictions on these assets that do not allow the Center redemption rights, fair value is deemed to be based on Level 3 inputs.

The following table sets forth by level, within the fair value hierarchy, the Center's financial assets that were accounted for at a fair value on a recurring basis as of June 30, 2018. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. The table does not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value.

	Level 1	Level 2	Level 3	Total
Financial assets:				
Pooled funds - The Columbus Jewish Foundation	\$ -	\$ 3,830,401	\$ -	\$ 3,830,401
Beneficial interest in assets held by others	-	-	1,071,030	1,071,030
<b>Total assets at fair value</b>	<b>\$ -</b>	<b>\$ 3,830,401</b>	<b>\$ 1,071,030</b>	<b>\$ 4,901,431</b>

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of the Center's Level 3 assets for the year ended June 30, 2018:

	<u>Beneficial Interest in Assets Held by Others</u>
Balance, beginning of year	\$ 1,016,014
Contributions	28,133
Change in fair value of beneficial interests in assets held by the Foundation	26,883
<b>Balance, end of year</b>	<u><u>\$ 1,071,030</u></u>

#### Note 6. Beneficial Interest in Assets Held by the Columbus Jewish Foundation

Certain donors created permanent and temporary endowment funds at the Foundation to benefit the Center. The Foundation owns and manages the funds; however, the Center is the irrevocable beneficiary of the proceeds of these funds. Accordingly, the Center recorded the beneficial interest of these funds on the statement of financial position. The present value of the future distributions to be received at June 30, 2018 was approximately \$1,038,000, and is included in the statement of financial position as beneficial interest in assets held by the Foundation.

In addition, certain donors have transferred investment instruments to the Foundation to benefit the Center. The donors made irrevocable deferred gifts that, upon the donor's death, the remaining corpus will generate interest and dividend earnings that will be available for use by the Center as the named beneficiary. The corpus will continue to be held by the Foundation. The funds' balance at June 30, 2018 was approximately \$33,000, and is included in the statement of financial position as beneficial interest in assets held by the Foundation.

#### Note 7. Endowment Funds

The Center has several donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center has interpreted the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective in Ohio on June 1, 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.



## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 7. Endowment Funds (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Center and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Center
- (7) The investment policies of the Center

**Funds with deficiencies:** From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Center to retain as a fund of perpetual duration. Deficiencies of this nature are first applied to unappropriated, temporarily restricted net assets generated from investment income, realized and unrealized gains, if any. If there is any remaining deficiency, it is applied to unrestricted net assets in accordance with GAAP. At June 30, 2018, funds with deficiencies totaled \$18,433. These deficiencies resulted from unfavorable market fluctuations as valued at June 30, 2018.

**Return objectives and risk parameters:** The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested with the Foundation which has investment policies intended to produce positive results while assuming a moderate level of investment risk. The Center expects its endowment funds, over time, to provide an average rate of return of at least 4% annually. Actual returns in any given year may vary from this amount.

**Strategies employed for achieving objectives:** To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment objectives relate to spending policy:** Absent explicit donor spending stipulation, the Center has a policy of appropriating for distribution each year up to 4% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. The Foundation represents that the Center has available for each subsequent fiscal year the lesser of earnings or 4% of the fair value of the funds, except for the Weinberg Fund, which has available 5% of the average fund principal as stated in the endowment fund agreement. Appropriations and related distributions will only occur if the fair value of the underlying investment portfolio is equal to or greater than the original corpus contributions collected and deposited. In establishing this policy, the Center considered the long-term expected return on its endowment. Accordingly, over the long term, the Center expects the current spending policy to allow its endowment to grow at an average of at least 4% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

#### Note 7. Endowment Funds (Continued)

The following is a summary of the endowment net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (9,875)	\$ 877,938	\$ 2,698,740	\$ 3,566,803
Board-designated endowment funds	196,594	-	-	196,594
	<u>\$ 186,719</u>	<u>\$ 877,938</u>	<u>\$ 2,698,740</u>	<u>\$ 3,763,397</u>

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2017	\$ (5,438)	\$ 606,657	\$ 2,660,063	\$ 3,261,282
Investment return				
Investment income	1,666	205,562	2,626	209,854
Net appreciation (depreciation)	(9,509)	27,234	-	17,725
<b>Total investment return</b>	<b>(7,843)</b>	<b>232,796</b>	<b>2,626</b>	<b>227,579</b>
Contributions	200,000	122,418	57,798	380,216
Appropriation of endowment assets for expenditures	-	(105,680)	-	(105,680)
Release from restriction	-	21,747	(21,747)	-
<b>Balance at June 30, 2018</b>	<b>\$ 186,719</b>	<b>\$ 877,938</b>	<b>\$ 2,698,740</b>	<b>\$ 3,763,397</b>

Management excluded the beneficial interest in assets held by the Foundation from the endowment activity above because the donors sent the gift directly to a community foundation and contractually established the Foundation as having variance power, including those gifts established by a trust agreement. The beneficial interest in assets held by the Foundation that are permanently restricted and temporarily restricted are \$613,701 and \$457,329 for the year ended June 30, 2018. Endowment activity above includes all Center owned investments for which the donor has restricted the corpus for the purpose of generating income to enable the Center to conduct ongoing operations and programs. For the endowment activity disclosure above, management considers all investment income temporarily restricted until appropriated for expenditure. On the statement of activities and changes in net assets, this investment income is shown as temporarily restricted until appropriated for expenditure. Consistent with the reporting method used for contributions, temporarily restricted investment income, whose restricted purpose was fulfilled in the same year the income was received, is recorded as unrestricted investment income.

#### Note 8. Property Held for Lease

The Center leases property to a tenant under a month-to-month lease that is accounted for as an operating lease. Rental income reflected in the statement of activities as other revenue was approximately \$12,000 for the year ended June 30, 2018.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 9. Line of Credit

The Center has a line of credit agreement with a bank that matures in June 2019. The line of credit allows for borrowings up to \$500,000 and bears interest at a rate of one month LIBOR plus 2.00%. At June 30, 2018, the LIBOR rate was 2.07%. Interest is payable monthly with the principal balance due on demand. This line of credit is secured by all deposit accounts. There were no amounts outstanding on the line of credit at June 30, 2018.

#### Note 10. Mortgage Loan

In August 2014 the Center entered into a mortgage loan with a principal balance of \$780,000 with a financial institution. The mortgage loan was scheduled to mature in August 2019 and required quarterly principal payments of \$19,500 commencing November 2014. In May 2015 the mortgage loan agreement was amended and the quarterly principal payments changed to \$16,868 commencing May 2015 with the balance due at maturity. Borrowings under the mortgage loan bore interest at LIBOR plus 1.50%. Based upon an agreement with the Columbus Jewish Foundation, the Foundation paid the financial institution the interest from the loan on behalf of the Center through December 2017. Borrowings under the mortgage loan agreement were collateralized by the market securities held by the Foundation. The outstanding balance on the mortgage loan was paid off during fiscal year 2018.

#### Note 11. Operating Leases

The Center leases vehicles and various office equipment under operating lease agreements which requires fixed monthly payments expiring at various dates through 2023. The Center also leases real property under operating lease agreements. Rent expense was approximately \$224,000 in 2018.

The future minimum rental payments required under non-cancelable long-term operating leases are as follows at June 30, 2018:

2019	\$	150,449
2020		79,045
2021		67,176
2022		67,279
2023		64,532
Thereafter		101,327
	\$	<u>529,808</u>

#### Note 12. Advances from State of Ohio

During 2010, the Center entered into a joint use agreement with Columbus State Community College (the College). Under the agreement, the College, through a State of Ohio capital appropriation, provided \$566,375 to be used for improvements to the New Albany facility and in return, the Center provides the College use of the multi-purpose room, library, and a conference room at the facility. The term of the agreement is 20 years. If the agreement is terminated prior to the expiration date, a prorated amount of the original funding would have to be returned, as defined in the agreement. The Center has recorded a liability for this funding as Advances from State of Ohio in the accompanying statement of financial position and each year, a prorated portion of the liability will be written off. In addition, the Center has recorded a corresponding right to use asset in the accompanying statement of financial position to reflect the College's right to use the facility over the term of the agreement. This amount will be amortized over the life of the agreement. During 2018, the Center recognized other income and amortization expense of \$28,319 and the unamortized balance was \$339,824 at June 30, 2018. The Columbus Jewish Federation owns the New Albany facility and incurred all construction costs. Therefore, the Center transferred the funding to the Columbus Jewish Federation as reimbursement for construction costs.

## The Jewish Community Center of Greater Columbus

### Notes to Financial Statements

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#### Note 13. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018:

Cultural arts	\$	122,328
Adult programs		71,823
Youth programs		842,496
Outreach programs		37,860
Recreation and wellness		743,366
Tribute funds		257,616
General		307,630
		<u>307,630</u>
	\$	<u>2,383,119</u>

#### Note 14. Permanently Restricted Net Assets

Permanently restricted net assets are beneficial interests in assets and endowed contributions, the corpus of which is to be held in perpetuity and the income from which is expendable to support the following purposes at June 30, 2018:

Cultural arts	\$	297,096
Adult programs		32,721
Youth programs		383,157
Recreation and wellness		2,376,079
General		223,388
		<u>223,388</u>
	\$	<u>3,312,441</u>

#### Note 15. Retirement Plan

The Center administers a contributory 403(b) retirement plan for the benefit of essentially all employees. There is no age or minimum years of service requirement for participation in the Plan. The Center does not contribute to this Plan.