# The Jewish Community Center of Greater Columbus

Financial Report
June 30, 2020

**Contents**

# 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, 2020, 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, 2020, 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.

**Report on Summarized Comparative Information**

We have previously audited The Jewish Community Center of Greater Columbus' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Columbus, Ohio
February 11, 2021

**The Jewish Community Center of Greater Columbus**

**Statement of Financial Position**
**June 30, 2020**
**(With Comparative Totals at June 30, 2019)**

| **Assets** | **2020** | 2019 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | **$ 1,559,236** | $ 1,535,453 |
| Accounts receivable, net | **187,041** | 313,805 |
| Contributions receivable, net: | | |
| Columbus Jewish Federation | **37,500** | 534,074 |
| Pledges receivable - playground campaign | **125,200** | 72,741 |
| Prepaid expenses and deposits | **183,752** | 203,044 |
| Inventories and other assets | **38,176** | 23,120 |
| **Total current assets** | **2,130,905** | 2,682,237 |
| Other assets: | | |
| Pledges receivable - playground campaign, net | **50,895** | 100,000 |
| Israel bonds | **25,000** | 25,000 |
| Investments held with Columbus Jewish Foundation | **3,985,806** | 3,943,264 |
| Beneficial interest in assets held by Columbus Jewish Foundation | **1,067,105** | 1,075,578 |
| **Total other assets** | **5,128,806** | 5,143,842 |
| Right to use asset - State of Ohio | **566,375** | 566,375 |
| Accumulated amortization | **(283,189)** | (254,870) |
| **Total right to use asset - State of Ohio** | **283,186** | 311,505 |
| Property held for lease | **152,532** | 152,532 |
| Accumulated depreciation | **(138,971)** | (134,685) |
| **Total property held for lease** | **13,561** | 17,847 |
| Property and equipment: | | |
| Building, leasehold and ground improvements | **10,953,487** | 10,823,221 |
| Furniture, fixtures and equipment | **2,741,756** | 2,704,940 |
| Accumulated depreciation | **(7,035,327)** | (6,695,355) |
| **Total property and equipment** | **6,659,916** | 6,832,806 |
| **Total assets** | **$ 14,216,374** | $ 14,988,237 |

See notes to financial statements.

| **Liabilities and Net Assets** | **2020** | 2019 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable and other accrued expenses | **$ 248,445** | $ 547,756 |
| Accrued payroll and related liabilities | **534,575** | 689,195 |
| Deferred revenue | **545,103** | 1,028,800 |
| Notes payable - PPP loan | **225,000** | - |
| Advances from State of Ohio - right to use | **28,319** | 28,319 |
| **Total current liabilities** | **1,581,442** | 2,294,070 |
| | | |
| Noncurrent liabilities: | | |
| Advances from State of Ohio - right to use | **254,867** | 283,186 |
| **Total current liabilities** | **254,867** | 283,186 |
| | | |
| **Total liabilities** | **1,836,309** | 2,577,256 |
| | | |
| Net assets: | | |
| Without donor restrictions | **6,848,889** | 6,488,110 |
| With donor restrictions | **5,531,176** | 5,922,871 |
| **Total net assets** | **12,380,065** | 12,410,981 |
| | | |
| **Total liabilities and net assets** | **$ 14,216,374** | $ 14,988,237 |

See notes to financial statements.

**The Jewish Community Center of Greater Columbus**

**Statement of Activities and Changes in Net Assets**
**Year Ended June 30, 2020**
**(With Comparative Totals for June 30, 2019)**

| | Without Donor Restrictions | With Donor Restrictions | **2020 Totals** | 2019 Totals |
|---|---|---|---|---|
| Public support revenue: | | | | |
| Contributions from Columbus Jewish Federation | $ 87,876 | $ - | **$ 87,876** | $ 454,544 |
| Contributions from United Way | 6,297 | - | **6,297** | 8,226 |
| Grant income | 722,351 | - | **722,351** | 204,730 |
| Other contributions | 1,175,991 | 92,273 | **1,268,264** | 1,008,862 |
| **Total public support revenue** | 1,992,515 | 92,273 | **2,084,788** | 1,676,362 |
| Membership and program revenue: | | | | |
| Membership dues | 1,581,598 | - | **1,581,598** | 1,962,630 |
| Program services | 5,533,502 | - | **5,533,502** | 7,379,681 |
| **Total membership and program service revenue** | 7,115,100 | - | **7,115,100** | 9,342,311 |
| Other revenue: | | | | |
| Rentals, events and other revenue | 809,989 | - | **809,989** | 1,154,957 |
| PPP loan forgiveness | 1,310,800 | - | **1,310,800** | - |
| BWC rebates | 158,446 | - | **158,446** | - |
| **Total other revenue** | 2,279,235 | - | **2,279,235** | 1,154,957 |
| **Total revenue** | 11,386,850 | 92,273 | **11,479,123** | 12,173,630 |
| Net assets released from restrictions | 518,578 | (518,578) | **-** | - |
| **Total revenue net of releases** | 11,905,428 | (426,305) | **11,479,123** | 12,173,630 |
| Expenses: | | | | |
| Salaries and benefits | 7,488,808 | - | **7,488,808** | 7,754,736 |
| Program expenses | 1,755,889 | - | **1,755,889** | 2,068,933 |
| Operating expenses | 823,972 | - | **823,972** | 865,991 |
| Occupancy expenses | 813,428 | - | **813,428** | 1,006,600 |
| Depreciation and amortization expense | 587,928 | - | **587,928** | 543,729 |
| **Total expenses** | 11,470,025 | - | **11,470,025** | 12,239,989 |
| **Change in net assets before other income (loss)** | 435,403 | (426,305) | **9,098** | (66,359) |
| Other income (loss): | | | | |
| Interest and dividends income | 8,783 | 143,869 | **152,652** | 197,912 |
| Unrealized loss on investments | (8,966) | (102,994) | **(111,960)** | (29,123) |
| Change in fair value of beneficial interest | - | (6,265) | **(6,265)** | (36,021) |
| Loss on disposal of fixed assets, net | (74,441) | - | **(74,441)** | (8,935) |
| **Total other income (loss)** | (74,624) | 34,610 | **(40,014)** | 123,833 |
| **Change in net assets** | 360,779 | (391,695) | **(30,916)** | 57,474 |
| Net assets - beginning of year | 6,488,110 | 5,922,871 | **12,410,981** | 12,353,507 |
| Net assets - end of year | $ 6,848,889 | $ 5,531,176 | **$ 12,380,065** | $ 12,410,981 |

See notes to financial statements.

**The Jewish Community Center of Greater Columbus**

**Statement of Functional Expenses**
**Year Ended June 30, 2020**
**(With Comparative Totals for June 30, 2019)**

| | 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 Administration | Fundraising and Special Events | Rentals | **2020 Total Expenses** | 2019 Total Expenses |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | $ 3,822,949 | $ 611,043 | $ 1,291,114 | $ 261,775 | $ 10,000 | $ 5,996,881 | $ 290,039 | $ 84,480 | $ - | **$ 6,371,400** | $ 6,505,137 |
| Payroll taxes | 334,497 | 62,632 | 118,326 | 22,773 | - | 538,228 | 27,324 | 8,663 | - | **574,215** | 553,374 |
| Employees' benefits | 337,978 | 47,731 | 90,575 | 21,234 | - | 497,518 | 39,819 | 5,856 | - | **543,193** | 485,554 |
| Contract services | 391,122 | 63,590 | 212,809 | 76,658 | 7,436 | 751,615 | 85,245 | 28,376 | 175 | **865,411** | 822,091 |
| Supplies | 48,552 | 34,506 | 65,948 | 27,715 | 7,891 | 184,612 | 9,803 | 8,305 | - | **202,720** | 294,213 |
| Merchandise for resale | - | - | 175 | 6,101 | - | 6,276 | 11,141 | 1,890 | - | **19,307** | 47,158 |
| Food services | 243,090 | 39,180 | 22,878 | 71,350 | 599 | 377,097 | 144,491 | 13,958 | - | **535,546** | 758,875 |
| Postage | 104 | 141 | 52 | 2,467 | 36 | 2,800 | 4,054 | 669 | - | **7,523** | 9,354 |
| Vehicle and mileage | 12,757 | 53,000 | 3,614 | 9,374 | 607 | 79,352 | 2,489 | - | - | **81,841** | 120,823 |
| Printing and publicity | 5,259 | 8,904 | 3,842 | 14,559 | 2,675 | 35,239 | 860 | 7,442 | - | **43,541** | 57,465 |
| Professional services | - | - | - | - | - | - | 30,500 | - | - | **30,500** | 28,270 |
| Computer support | 63,061 | 13,838 | 52,377 | 9,129 | 385 | 138,790 | 5,531 | 3,654 | - | **147,975** | 91,016 |
| Equipment rental | 14,684 | 4,920 | 13,035 | 4,679 | 74,274 | 111,592 | 4,809 | 3,066 | - | **119,467** | 176,004 |
| Equipment repair and maintenance | 2,882 | - | 6,556 | - | - | 9,438 | 9,043 | - | - | **18,481** | 16,872 |
| Recruitment | 3,430 | 2,093 | 662 | 47 | - | 6,232 | 32 | - | - | **6,264** | 40,272 |
| Travel and training | 907 | 4,380 | 2,376 | 3,706 | 2,536 | 13,905 | 3,616 | - | - | **17,521** | 33,342 |
| Dues/licenses/permits | 36,484 | 28,429 | 38,414 | 14,613 | 6 | 117,946 | 12,710 | 4,168 | 4,612 | **139,436** | 178,314 |
| Scholarships | 183,714 | 56,879 | 12,929 | 4,400 | 13,383 | 271,305 | 120 | - | - | **271,425** | 387,976 |
| Allocation to JCCA | - | - | - | - | - | - | 71,240 | - | - | **71,240** | 83,550 |
| Telephone and utilities | 157,513 | 36,139 | 105,218 | 5,226 | - | 304,096 | 64,715 | 2,613 | 393 | **371,817** | 456,828 |
| Insurance | 22,823 | 20,201 | 15,651 | 7,759 | - | 66,434 | 5,257 | 1,126 | 215 | **73,032** | 75,743 |
| Building/grounds repair and maintenance | 87,759 | 23,963 | 112,916 | 2,673 | 5,627 | 232,938 | 36,928 | 1,799 | 2,635 | **274,300** | 388,467 |
| Facilities rental | 75,117 | - | 720 | 5,334 | - | 81,171 | - | - | - | **81,171** | 72,205 |
| Interest | - | - | - | - | - | - | 1,663 | - | - | **1,663** | - |
| Bad debt expense | - | - | - | - | 3,664 | 3,664 | 213 | - | - | **3,877** | 11,020 |
| Miscellaneous | 97 | 440 | 5,036 | - | - | 5,573 | 2,452 | 6 | 1,200 | **9,231** | 2,337 |
| **Total expenses before depreciation and amortization** | 5,844,779 | 1,112,009 | 2,175,223 | 571,572 | 129,119 | 9,832,702 | 864,094 | 176,071 | 9,230 | **10,882,097** | 11,696,260 |
| Depreciation and amortization | 154,260 | 76,240 | 178,537 | 57,463 | - | 466,500 | 88,824 | 28,319 | 4,285 | **587,928** | 543,729 |
| **Total expenses** | $ 5,999,039 | $ 1,188,249 | $ 2,353,760 | $ 629,035 | $ 129,119 | $ 10,299,202 | $ 952,918 | $ 204,390 | $ 13,515 | **$ 11,470,025** | $ 12,239,989 |

See notes to financial statements.

**The Jewish Community Center of Greater Columbus**

**Statement of Cash Flows**
**For the Year Ended June 30, 2020**
**(With Comparative Totals for June 30, 2019)**

| | **2020** | 2019 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | **$ (30,916)** | $ 57,474 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **587,928** | 543,729 |
| Loss on disposal of assets | **74,441** | 8,935 |
| Unrealized loss on investments | **111,960** | 29,123 |
| Change in fair value of beneficial interest | **6,265** | 36,021 |
| Recognition of forgiveness on advances from State of Ohio | **(28,319)** | (28,319) |
| Contributions restricted for permanent investment | **(27,052)** | (59,964) |
| (Increase) decrease in assets: | | |
| Accounts, contributions and pledges receivable, net | **622,330** | (223,676) |
| Prepaid expenses, deposits and inventories | **4,236** | 90,964 |
| Increase (decrease) in liabilities: | | |
| Accounts payable, accrued payroll and other accrued expenses | **(453,931)** | 213,109 |
| Deferred revenue | **(483,697)** | 65,258 |
| **Net cash provided by operating activities** | **383,245** | 732,654 |
| | | |
| Cash flows from investing activities: | | |
| Increase in investments held with Columbus Jewish Foundation | **(154,502)** | (141,986) |
| Purchases of property and equipment | **(456,874)** | (533,519) |
| **Net cash used in investing activities** | **(611,376)** | (675,505) |
| | | |
| Cash flows from financing activities: | | |
| Contribution restricted for permanent investment | **26,914** | 19,395 |
| Proceeds from issuance of note payable - PPP loan | **225,000** | - |
| **Net cash provided by financing activities** | **251,914** | 19,395 |
| | | |
| **Net change in cash and cash equivalents** | **23,783** | 76,544 |
| | | |
| Cash and cash equivalents: | | |
| Beginning | **1,535,453** | 1,458,909 |
| | | |
| Ending | **$ 1,559,236** | $ 1,535,453 |
| | | |
| Supplemental schedule of noncash investing and financing activities: | | |
| Contribution of beneficial interest | **$ 138** | $ 40,569 |

See notes to financial statements.

## 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.

**Basis of presentation:** The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Center is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets designated by the governing board.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Center.

Also included in net assets with donor restrictions are net assets subject to donor imposed restrictions to be maintained permanently by the Center, which include gifts and pledges for endowment wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income is utilized. Other permanently restricted items in this net asset category include the Center’s interest in the values of certain perpetual trusts and annuity and life income gifts for which the principal is held in perpetuity and the income may or may not be subject to donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**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, 2019, from which the summarized information was derived.

**Functional allocation of expenses:** The costs of providing programs and activities have been summarized on a functional basis in the statement of functional expenses. Allocation of functional expenses to program and supportive services is determined by management based upon the nature of the activity. Expenses that can be directly identified with a program are allocated according to their natural classification. Indirect expenses are allocated based on an estimate of time and effort or square footage of the space.

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

**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, 2020:

| | | |
|---|---|---|
| General operations, including savings | $ | 880,876 |
| Building repair and maintenance | | 237,892 |
| Tribute funds | | 421,579 |
| Rental property expenses | | 18,889 |
| | $ | 1,559,236 |

**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.

**Pledges receivable – playground campaign:** The pledges receivable consist of $183,200, of which $125,200 is expected to be collected within one year and $58,000 is expected to be collected during fiscal 2022. The discounts on those amounts are computed using incremental borrowing rates applicable to the years in which the promises are received (2.00% at June 30, 2020). A discount of $7,105 has been recorded at June 30, 2020.

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

**Inventories and other assets:** Inventories and other assets, which consist primarily of food and maintenance supplies, are all finished products and are carried at the lower of cost or net realizable value, determined on a first-in, first-out (FIFO) basis. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable cost of completion, disposal and transportation.

**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.

**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, 2020.

**Contributions and public support:** Public support funding is classified as contribution 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 met. Contributions received are recorded as with or without donor 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 contributions without donor restriction on the statement of activities and changes in net assets. Contributions with restrictions that are not fulfilled in the same year remain as with donor restriction until either the required use or passage of time restrictions are fulfilled. Accordingly, such contributions are then released from restrictions and recorded as net assets without donor restriction. 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 2020, 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.

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

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 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% 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, 2020, 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 2016.

**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, 2020, there was approximately $18,100 of deferred rent expense.

**Reclassifications:** Certain prior year amounts have been reclassified to conform to the current year presentation with no effect to the change in net assets or net assets.

**Recently adopted accounting pronouncement:** In June 2018, the FASB issued Accounting Standard Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Center follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Center adopted the portion of this standard applicable to transacting where they are the resource recipient effective July 1, 2019, which did not have a significant impact on the financial statements. For transactions in which the Center is a resource provider, the new standard is effective for the Center's June 30, 2021 financial statements.

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

**Pending accounting pronouncements:** In May 2014 and February 2016, the FASB issued ASU 2014-09, *Revenue from Contracts from Customers (Topic 606)* and 2016-02, *Leases (Topic 842)*, respectively. The guidance in ASU 2014-09 provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry specific guidance in current U.S. GAAP. The guidance in ASU 2016-02 supersedes the leasing guidance in Topic 840, *Leases*. Under the new lease guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2014-09 was initially due to be implemented in fiscal years beginning after December 15, 2018 and ASU 2016-02 in fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In response to the Coronavirus Disease 2019 (COVID-19) pandemic which is adversely affecting the global economy, and causing significant and widespread business and capital disruptions, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) —Effective Dates for Certain Entities* in June 2020. The amendments in this ASU defer the effective dates of revenue recognition for private entities to fiscal years beginning after December 15, 2019 and leases for private entities to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption continues to be permitted.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Center is currently evaluating the impact of this new standard on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Center beginning on January 1, 2022. The Center is currently evaluating the impact of this new guidance on its financial statements.

**Subsequent events:** The Center evaluated subsequent events for potential recognition and/or disclosure through February 11, 2021, the date the financial statements were available to be issued.

## Note 3. Accounts Receivable

Accounts receivable consist of the following as of June 30, 2020:

| | |
|---|---|
| Member receivables | $ 56,253 |
| Grants receivable | 108,945 |
| Other | 28,466 |
| | 193,664 |
| Allowance for uncollectible accounts | (6,623) |
| | $ 187,041 |

## Note 4. Investments Held with the Columbus Jewish Foundation (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 donor restricted, with interest earned classified as income with donor restriction. 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 $3,985,806 are comprised of investment pools invested in fixed income and equity investments at June 30, 2020.

## 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.

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, 2020, 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:

## Note 5. Fair Value Measurements (Continued)

**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, 2020. 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 | $ - | $ 3,985,806 | $ - | $ 3,985,806 |
| Beneficial interest in assets held by others | - | - | 1,067,105 | 1,067,105 |
| **Total assets at fair value** | $ - | $ 3,985,806 | $ 1,067,105 | $ 5,052,911 |

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, 2020:

| | Beneficial Interest in Assets Held by Others |
|---|---|
| Balance, beginning of year | $ 1,075,578 |
| Contributions | 138 |
| Change in deferred gifts | (2,346) |
| Change in fair value of beneficial interests in assets held by the Foundation | (6,265) |
| **Balance, end of year** | $ 1,067,105 |

## 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, 2020 was approximately $1,036,000, 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, 2020 was approximately $31,000, 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 with donor restriction 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 is classified as with donor restriction net assets, until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

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, net assets with donor restrictions generated from investment income, realized and unrealized gains, if any. If there is any remaining deficiency, it is applied to net assets without donor restrictions in accordance with GAAP. At June 30, 2020, three funds with corpus value of $92,214 and total market value of $80,207 resulted in deficiencies totaling $12,007. These deficiencies resulted from unfavorable market fluctuations as valued at June 30, 2020.

## Note 7. Endowment Funds (Continued)

**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 following is a summary of the endowment net asset composition by type of fund as of June 30, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Investments by type of fund: | | | |
| Donor-restricted endowment funds: | | | |
| Historical gift value | $ - | $ 2,735,564 | $ 2,735,564 |
| Appreciation | - | 936,798 | 936,798 |
| Board-designated endowment funds: | 255,826 | - | 255,826 |
| **Total** | $ 255,826 | $ 3,672,362 | $ 3,928,188 |

Changes in endowment net assets are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Balance at June 30, 2019 | $ 256,642 | $ 3,629,711 | $ 3,886,353 |
| Investment income | 8,150 | 139,992 | 148,142 |
| Net depreciation | (8,966) | (101,464) | (110,430) |
| **Total investment return** | (816) | 38,528 | 37,712 |
| Contributions | - | 118,234 | 118,234 |
| Appropriation of endowment assets for expenditures | - | (114,111) | (114,111) |
| **Balance at June 30, 2020** | $ 255,826 | $ 3,672,362 | $ 3,928,188 |

## Note 7. Endowment Funds (Continued)

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 with donor restrictions are $1,067,105 as of June 30, 2020. 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 with donor restriction until appropriated for expenditure. On the statement of activities and changes in net assets, this investment income is shown as with donor restriction until appropriated for expenditure.

## 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, 2020.

## Note 9. Line of Credit

The Center has a line of credit agreement with a bank that matures in June 2021. 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, 2020, the LIBOR rate was 0.16%. Interest is payable monthly with the principal balance due on demand. This line of credit is secured by all deposit accounts. There was no amount outstanding on the line of credit at June 30, 2020.

## Note 10. Notes Payable - PPP Loan

On March 27, 2020, the CARES Act was signed into law. The CARES Act legislation is intended to provide relief for small businesses that have been negatively impacted by the COVID-19 pandemic. One of the many provisions of the CARES Act, the Paycheck Protection Program (PPP) provides loans to small businesses to prevent layoffs and business closures during the pandemic. On April 14, 2020, the Center received PPP loan proceeds of $1,535,800. Although there are no assurances, if certain conditions of the PPP loan program are met, the PPP loan is forgivable. The funding was initially recorded as a note payable and was subsequently recognized as other revenue as forgivable expenses under the program were incurred by the Center. Forgivable expenses include payroll, rent and utility costs of the Center for the period subsequent to receipt of the funding. As of June 30, 2020, $1,310,800 of the original funding received has been recognized within PPP loan forgiveness on the accompanying statement of activities. The remaining $225,000 is recorded in notes payable – PPP loan on the accompanying statement of financial position. Monthly principal and interest payments were scheduled to commence in November 2020 with maturity in April 2022. The Center plans to apply for full forgiveness prior to June 30, 2021.

## Note 11. Operating Leases

The Center leases various office equipment under operating lease agreements which requires fixed monthly payments expiring at various dates through December 2024. The Center also leases real property under operating lease agreements. Rent expense was approximately $199,000 in 2020.

The future minimum rental payments required under non-cancelable long-term operating leases are as follows at June 30, 2020:

| | |
|---|---|
| 2021 | $ 150,022 |
| 2022 | 145,691 |
| 2023 | 80,318 |
| 2024 | 80,535 |
| 2025 | 41,057 |
| | $ 497,623 |

## 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 2020, the Center recognized other income and amortization expense of $28,319 and the unamortized balance was $283,186 at June 30, 2020. 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.

## Note 13. Net Assets With Donor Restrictions

Net asset balances with donor restrictions are as follows:

| | |
|---|---|
| Subject to expenditure for the following specified purposes: | |
| Recreation and wellness | $ 901,211 |
| Youth programs | 446,783 |
| General | 387,485 |
| Tribute funds | 279,144 |
| Cultural arts | 140,004 |
| Adult programs | 6,631 |
| | 2,161,258 |
| Endowments, to be held in perpetuity, the income from which is expendable for the following purposes: | |
| Recreation and wellness | 2,375,334 |
| Youth programs | 410,690 |
| Cultural arts | 353,642 |
| General | 168,245 |
| Adult programs | 62,007 |
| | 3,369,918 |
| **Total net assets with donor restrictions** | $ 5,531,176 |

## Note 14. Retirement Plan

The Center offers 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.

## Note 15. Liquidity and Availability

The table below represents financial assets available for general expenditures within one year of June 30, 2020:

| | |
|---|---|
| Financial assets at year end: | |
| Cash and cash equivalents | $ 1,559,236 |
| Accounts receivable, net | 187,041 |
| Contributions receivable, net | 213,595 |
| Investments | 3,985,806 |
| **Total financial assets** | 5,945,678 |
| Less amounts not available to be used within one year: | |
| Donor restricted endowments | (3,672,362) |
| Board designated endowments | (255,826) |
| Assets held for specific purposes | (510,883) |
| **Financial assets not available to be used within one year** | (4,439,071) |
| **Financial assets available to meet general expenditures within one year** | $ 1,506,607 |

The Center regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

The Center has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit. See Note 9 for information about the Center's line of credit.

## Note 16. COVID-19 Pandemic and Economic Uncertainty

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Organization's operations and member base. The operations for the Organization's programs could be negatively impacted by the regional and global outbreak of COVID-19 for an unknown period of time. As a result of COVID-19 the Center was temporarily closed beginning in mid-March and began reopening in phases following guidelines of state and local public health officials beginning in June. The closure resulted in a significant decline in membership and program revenue of the Center. The extent to which the coronavirus impacts will continue to impact the Center's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.