

Audited Financial Statements
Raleigh-Cary Jewish Federation, Inc.
Years Ended December 31, 2021 and 2020

Audited Financial Statements

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Raleigh-Cary Jewish Federation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Raleigh-Cary Jewish Federation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report--Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Raleigh-Cary Jewish Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Raleigh-Cary Jewish Federation's ability to continue as a going concern for a reasonable period of time.

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

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

Raleigh, North Carolina
September 15, 2023

Statements of Financial Position

Raleigh-Cary Jewish Federation, Inc.

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents:		
General operations	\$ 271,268	\$ 210,086
Donor-advised funds	1,017	1,017
Kahn Community Campus	91,310	185,499
With donor restrictions, other non-endowed	14,027	14,027
Held under donor-restricted endowments	<u>(187)</u>	<u>(187)</u>
	377,435	410,442
Pledges receivable, current portion:		
Kahn Community Campus	263,060	266,475
Annual Campaigns:		
2021	79,029	0
2020	<u>0</u>	<u>41,019</u>
	342,089	307,494
Allowance for uncollectible pledges	<u>(50,000)</u>	<u>(50,000)</u>
	292,089	257,494
Grant receivables	0	1,754
Other receivables	39,917	10,706
Prepaid expenses	<u>22,525</u>	<u>20,372</u>
TOTAL CURRENT ASSETS	<u>731,966</u>	<u>700,768</u>
PLEDGES RECEIVABLE (Kahn Community Campus), less current portion and net of discount	287,955	421,687
FIXED ASSETS, net of accumulated depreciation	5,682,119	5,706,812
INVESTMENTS:		
Without donor restrictions	99,038	88,135
Donor-advised	428,669	389,480
With donor restrictions, non-endowed	190,176	168,590
Held under donor-restricted endowments	601,847	550,527
Agency funds	<u>0</u>	<u>1,320,491</u>
	1,319,730	2,517,223
OTHER ASSETS:		
Other assets	<u>114,289</u>	<u>89,567</u>
TOTAL ASSETS	<u>\$ 8,136,059</u>	<u>\$ 9,436,057</u>

See accompanying independent auditor's report and notes to financial statements.

Statements of Financial Position--Continued

Raleigh-Cary Jewish Federation, Inc.

	December 31,	
LIABILITIES AND NET ASSETS	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 65,601	\$ 78,622
Current portion of long-term debt	76,996	79,761
Current portion of capital lease obligation	4,048	3,762
Deferred support	69,873	51,432
Deferred revenue	53,946	42,735
TOTAL CURRENT LIABILITIES	<u>270,464</u>	<u>256,312</u>
Investments held under agency	0	1,320,491
Line-of-credit borrowings	0	173,000
Long-term debt, less current portion	3,069,229	2,845,370
Capital lease obligation, less current portion	700	4,723
TOTAL LIABILITIES	<u>3,340,393</u>	<u>4,599,896</u>
NET ASSETS:		
Without donor restrictions:		
Available for operations	(70,866)	129,490
Donor-advised funds	429,687	390,498
Fixed assets, net of related obligations	3,460,693	3,481,649
Total without donor restrictions	<u>3,819,514</u>	<u>4,001,637</u>
With donor restrictions:		
Other than endowments	374,493	284,184
Held under endowments	601,659	550,340
	<u>976,152</u>	<u>834,524</u>
TOTAL NET ASSETS	<u>4,795,666</u>	<u>4,836,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,136,059</u>	<u>\$ 9,436,057</u>

See accompanying independent auditor's report and notes to financial statements.

Statement of Activities

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>		<u>With Donor</u>	
	<u>Operations</u>	<u>Fixed</u>	<u>Restrictions</u>	<u>Total</u>
		<u>Assets</u>		
SUPPORT, REVENUES, AND OTHER INCOME:				
Support:				
Federation:				
Annual Campaign/fundraising, net	\$ 772,358		\$	\$ 772,358
Leadership development	133,000			133,000
Grants	31,308			31,308
Sponsorships	54,950			54,950
Donated services	2,932			2,932
Kahn Community Campus (KCC):				
Contributions			61,686	61,686
Jewish Community Center (JCC):				
Contributions	35,586			35,586
Grants			7,385	7,385
Jewish Family Services (JFS):				
Contributions	29,548		5,800	35,348
Sponsorships	10,850			10,850
Grants	5,092		181,136	186,228
Community Engagement:				
Contributions	35,656			35,656
Sponsorships	2,100			2,100
Grants	9,771			9,771
Donated services	53,987			53,987
Jewish Community Foundation (JCF):				
Contributions	34,706		2,191	36,897
Total support	<u>1,211,844</u>	<u>0</u>	<u>258,198</u>	<u>1,470,042</u>
Revenue:				
JCC membership dues	98,772			98,772
Program fees/income:				
Federation	5,284			5,284
KCC	208,243			208,243
JCC	345,734			345,734
JFS	28,159			28,159
Community Engagement	10,636			10,636
Net investment income	60,862		113,061	173,923
Other income	4,144			4,144
Net assets released from restrictions:				
Appropriated from endowments	18,424		(18,424)	0
Satisfaction of purpose restrictions	<u>149,521</u>	<u>61,686</u>	<u>(211,207)</u>	<u>0</u>
TOTAL SUPPORT, REVENUES, AND OTHER INCOME	2,141,623	61,686	141,628	2,344,937
EXPENSES:				
Program services:				
Jewish Community Center	906,401			906,401
Jewish Family Services	338,538			338,538
Jewish Community Relations Council	17,500			17,500
Jewish Community Foundation	22,145			22,145
Kahn Community Campus	105,024	199,629		304,653
Community Engagement	<u>241,587</u>			<u>241,587</u>
	1,631,195	199,629	0	1,830,824
Support services:				
Management and general	317,486	9,000		326,486
Fundraising/development	<u>222,122</u>	<u>6,000</u>		<u>228,122</u>
	<u>539,608</u>	<u>15,000</u>	<u>0</u>	<u>554,608</u>
TOTAL EXPENSES	<u>2,170,803</u>	<u>214,629</u>	<u>0</u>	<u>2,385,432</u>
CHANGE IN NET ASSETS	<u>\$ (29,180)</u>	<u>\$ (152,943)</u>	<u>\$ 141,628</u>	<u>\$ (40,495)</u>
Net assets, beginning of year	\$ 519,988	\$ 3,481,649	\$ 834,524	\$ 4,836,161
Change in net assets	(29,180)	(152,943)	141,628	(40,495)
Net decrease in capital lease obligation	(3,737)	3,737		0
Other fixed asset purchases	<u>(128,250)</u>	<u>128,250</u>		<u>0</u>
NET ASSETS, END OF YEAR	<u>\$ 358,821</u>	<u>\$ 3,460,693</u>	<u>\$ 976,152</u>	<u>\$ 4,795,666</u>

See accompanying independent auditor's report and notes to financial statements.

Statement of Activities

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2020

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

See accompanying independent auditor's report and notes to financial statements.

Statement of Functional Expenses

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2021

	Program Services						Support Services				2021 Total
	Jewish Community Center	Jewish Family Services	Jewish Community Relations Council	Jewish Community Foundation	Kahn Community Campus	Community Engagement	Total Program Services	Management and General	Fundraising/ Development	Total Support Services	
Salaries	\$ 357,737	\$ 225,670				\$ 162,229	\$ 745,636	\$ 163,989	\$ 163,899	\$ 327,888	\$ 1,073,524
Payroll taxes	26,892	17,141				11,039	55,072	11,784	12,334	24,118	79,190
Other employee benefits	21,368	2,381				8,863	32,612	562	6,461	7,023	39,635
Operation expense	287,523	12,919			4,965	57,998	363,405	34,535	9,756	44,291	407,696
Travel	1,330	1,029				158	2,517	1,774	1,235	3,009	5,526
Interest expense					78,661		78,661	34,601		34,601	113,262
Property tax	40				9,007		9,047	148		148	9,195
Bad debt expense					12,291		12,291			0	12,291
Depreciation/amortization					199,629		199,629	9,000	6,000	15,000	214,629
Professional fees	4,900	3,000			100	150	8,150	12,511	14,400	26,911	35,061
Program expenses	41,160	75,928		22,145		1,150	140,383	478	6,461	6,939	147,322
Sub-contractors	148,460						148,460			0	148,460
Miscellaneous							0	1,037	37	1,074	1,074
Professional development	90	210					300	5,000		5,000	5,300
Insurance	3,593						3,593	33,764		33,764	37,357
Association expense	8,560	228					8,788	1,734	278	2,012	10,800
Merchant fees	4,748	32					4,780	15,285	7,261	22,546	27,326
State Allocations							0	284		284	284
National/International Allocations			17,500				17,500			0	17,500
Total	\$ 906,401	\$ 338,538	\$ 17,500	\$ 22,145	\$ 304,653	\$ 241,587	\$ 1,830,824	\$ 326,486	\$ 228,122	\$ 554,608	\$ 2,385,432

See accompanying independent auditor's report and notes to financial statements.

Statement of Functional Expenses

Raleigh-Cary Jewish Federation, Inc.

Year Ended December 31, 2020

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

See accompanying independent auditor's report and notes to financial statements.

Statements of Cash Flows

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (40,495)	\$ (229,812)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	214,629	212,364
Contributions restricted for long-term purposes:		
Kahn Community Campus (KCC), net	(61,686)	(32,641)
Contributions to permanent endowments	(2,191)	(5,546)
Net realized (gains) losses on investments	(58,582)	(45,303)
Net unrealized (gains) losses on investments	(72,596)	(15,801)
Loss (gain) on disposal of fixed assets	0	(1,531)
(Increase) decrease in operating assets:		
Pledges receivable, other than Kahn Community Campus	(38,010)	(21,539)
Other receivables, prepaid expenses, and other assets	(54,332)	50,188
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(13,021)	6,459
Deferred support/revenue	29,652	29,144
NET CASH USED IN OPERATING ACTIVITIES	<u>(96,632)</u>	<u>(54,018)</u>
INVESTING ACTIVITIES:		
Purchases of fixed assets	(189,936)	(117,653)
Proceeds from sale of fixed assets	0	5,000
Purchases of investments	(30,257)	(55,047)
Reinvestment of net investment earnings	(15,832)	(2,584)
Proceeds from sales of investments	54,269	85,468
NET CASH USED IN INVESTING ACTIVITIES	<u>(181,756)</u>	<u>(84,816)</u>
FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes:		
Kahn Community Campus	198,833	51,858
Contributions to permanent endowments	2,191	5,546
Net (payments on) proceeds from line-of-credit borrowings	(173,000)	123,000
Proceeds from long-term debt	950,000	0
Principal payments on long-term debt	(728,906)	(174,208)
Principal payments on capital lease obligation	(3,737)	(3,453)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>245,381</u>	<u>2,743</u>
NET CHANGE IN CASH	(33,007)	(136,091)
Cash and cash equivalents, beginning of year	410,442	546,533
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 377,435</u>	<u>\$ 410,442</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 113,262	\$ 115,318
INVESTMENT ACTIVITY FOR AGENCY FUNDS:		
Cash received and invested	\$ 254,345	\$ 10,555
Cash disbursements	(52,193)	(40,623)
Interest and dividends, net of fees	6,129	7,133
Net change in fair value	100,179	72,584
Fund no longer held in agency, as of October 1, 2021	(1,628,951)	0
Net change in amounts held in agency	<u>\$ (1,320,491)</u>	<u>\$ 49,649</u>

See accompanying independent auditor's report and notes to financial statements.

Notes to Financial Statements

Raleigh-Cary Jewish Federation, Inc.

Years Ended December 31, 2021 and 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. At December 31, 2021 and 2020, the Organization's net assets without donor restrictions include net assets of \$429,687 and \$390,498, respectively, held under donor-advised funds.

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

Raleigh-Cary Jewish Federation, Inc.

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

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

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

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

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

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

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

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

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

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

Raleigh-Cary Jewish Federation, Inc.

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

Pledges Receivable: Pledges at December 31, 2021, include capital campaign pledges of \$570,426 due from various individuals. Pledges of \$10,000 or more due beyond one year are recorded at the net present value of the estimated future cash flows using a discount factor of 4%. Noncurrent pledges receivable at December 31, 2021 and 2020 are net of an unamortized discount of \$19,411. The Organization provides for potentially uncollectible pledges using the allowance method. Outstanding receivables are unsecured. (Refer also to *Note C--Pledges Receivable/Conditional Promises* and *Note K--Concentrations of Credit Risk*.)

Investments: The Organization's investments are part of a pooled portfolio managed by the Jewish Foundation of Greensboro, a constituent agency of the Greensboro Jewish Federation. The Organization's share of the portfolio is carried at fair value based on quoted market prices, as reported by the Jewish Foundation of Greensboro for each donor fund. At December 31, 2021, the pooled portfolio's holdings approximated the following: cash (5%), fixed income securities (30%), and equities (65%). Investments are subject to market fluctuations and, therefore, are not insured against loss.

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

Net investment income, as reported in the accompanying financial statements, includes investment earnings, realized and unrealized gains and losses (disclosed in statements of cash flows), and a reduction for fees of \$9,089 and \$11,360 in 2021 and 2020, respectively. Net investment income generated by endowment funds is recognized in a net asset class based on the donor's expressed intent. (The accompanying statements of activities exclude investment activity for investments held under agency.)

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

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

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

Beneficial Interests in Gifts Held by Others: The Organization has been named by certain donors as beneficiary of the residuum interest in certain irrevocable gift annuity trusts held by others. The Organization recognizes the present value of its beneficial interest in these agreements in the period the trust is established, or upon notification of the existence of the trust if notification is given in a later period. The present value is calculated based on donor life expectancy, using applicable mortality tables and discount rates. Beneficial interests of \$13,118 and \$12,352 are included in *other assets* at December 31, 2021 and 2020, respectively.

Cash Surrender Value of Life Insurance: Certain donors have named the Organization as beneficiary of life insurance policies. Premiums are paid directly by the Organization, but only with funds provided by the donor. The cash surrender values of these policies of \$101,171 and \$77,215 at December 31, 2021 and 2020, respectively, are included in net assets with donor restrictions (and *other assets*) in the accompanying financial statements. (Refer also to *Note H--Net Assets With Donor Restrictions, Other Than Endowments*.)

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

Raleigh-Cary Jewish Federation, Inc.

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

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

Tax-Exempt Status: The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and applicable state tax statutes, except on net income, if any, derived from unrelated business activities. The Organization had no income subject to taxation as unrelated business income in 2021 and 2020.

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

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

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

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

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

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

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end (cash, net receivables, and investments)	\$ 2,317,126	\$ 3,619,306
Less those unavailable for general expenditures within one year:		
Kahn Community Campus:		
Cash	(91,310)	(185,499)
Pledges receivable, net	(501,015)	(638,162)
Investments held in agency	0	(1,320,491)
Held under endowments	(601,659)	(550,340)
With donor restrictions, non-endowed	(204,203)	(182,616)
Held under donor-advised funds	(429,687)	(390,498)
Deferred support	<u>0</u>	<u>(39,600)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>489,252</u>	\$ <u>312,100</u>

At December 31, 2021, the Organization also has the capacity to borrow \$300,000 on a bank line of credit, as described in *Note E* herein.

NOTE C -- PLEDGES RECEIVABLE / CONDITIONAL PROMISES

Pledges receivable are expected to be collected as follows:

	December 31,	
	<u>2021</u>	<u>2020</u>
2021	\$	\$ 307,494
2022	342,089	186,563
2023	149,859	139,106
2024	157,507	146,754
Thereafter	<u>0</u>	<u>0</u>
	649,455	779,917
Less: Unamortized discount	(19,411)	(50,736)
Less: Allowance for uncollectible pledges	<u>(50,000)</u>	<u>(50,000)</u>
	\$ <u>580,044</u>	\$ <u>679,181</u>

Conditional Promises: At December 31, 2021, conditional promises to give (to the Organization) consist of two reimbursement grants for security equipment. Awards of \$100,000 and \$150,000 are scheduled to expire on August 31, 2023 and September 30, 2024, respectively.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE D -- FIXED ASSETS (including subsequent events)

Fixed assets consist of the following:

	December 31,	
	<u>2021</u>	<u>2020</u>
Land	\$ 2,355,839	\$ 2,355,839
Land improvements	1,375,064	1,192,028
Buildings and improvements	3,227,202	3,220,302
Vehicles	18,500	18,500
Office equipment	83,152	83,152
Furniture and fixtures	86,170	86,170
KCC expansion project (construction in progress)*	<u>45,713</u>	<u>45,713</u>
	7,191,640	7,001,704
Less: Accumulated depreciation	<u>(1,509,521)</u>	<u>(1,294,892)</u>
	<u>\$ 5,682,119</u>	<u>\$ 5,706,812</u>

*not yet depreciable

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

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

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

The following DPS grants have been awarded to the Organization as of December 31, 2021, or subsequent thereto:

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

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

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

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

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

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

Assets Held under a Capital Lease: In March 2018, the Organization entered into a 60-month capital lease for office equipment. Remaining lease payments total \$4,953 (including interest) at December 31, 2021, and are payable monthly through February 2023.

Fixed assets at December 31, 2021, include the following assets held under a capital lease:

Office equipment	\$ 17,665
Less: Accumulated amortization	<u>(13,543)</u>
	<u>\$ 4,122</u>

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

The Organization has access to a \$300,000 bank line of credit, subject to renewal in May 2023. The revolving line requires monthly payments of interest at prime minus one-half of one percent, subject to a minimum rate of 3.75% (in effect at December 31, 2021 and 2020), and is secured by a Negative Pledge Agreement. The balance on the line was paid in full, using proceeds from a \$950,000 bank note, dated October 13, 2021. The outstanding balance on the line was \$0 and \$173,000 at December 31, 2021 and 2020, respectively.

In May 2023, the \$300,000 line of credit was extended through August 13, 2023. At the date on which the financial statements were available to be issued, the revolving line had no outstanding balance. Management expects the line to be extended further upon issuance of the accompanying financial statements.

NOTE F -- LONG-TERM DEBT (other than the line of credit/including a subsequent event)

Long-term debt is summarized as follows:

	December 31,	
	<u>2021</u>	<u>2020</u>
Note payable to bank, dated December 15, 2016, providing for draws up to \$630,000, all of which were taken prior to December 31, 2017. As modified on October 10, 2018, the note bears interest at 3.35%, requires 43 monthly principal and interest payments of approximately \$4,752 and 1 final payment of the entire balance due of approximately \$327,790 (if payments are not accelerated) on June 15, 2022. Secured by certain land and buildings as represented in a Negative Pledge Agreement. The note was paid in full, using proceeds from a \$950,000 bank note, dated October 13, 2021, as described on the following page.	\$ 0	\$ 393,120

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE F -- LONG-TERM DEBT (other than the line of credit/including a subsequent event) -- Continued

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

	December 31,	
	2021	2020
Bank construction loan, dated December 17, 2015, providing for draws of up to \$2,500,000 through January 25, 2022, in connection with the Kahn Community Campus Expansion Project. The note, as modified in December 2018, bears interest at 3.50%, requires monthly interest-only payments through December 2021, 83 monthly principal and interest payments of \$33,600 (if fully drawn) beginning in January 2022, and 1 final payment in December 2028. Subject to certain prepayment penalties through December 2021. Secured by certain land and buildings as represented in a Negative Pledge Agreement. The note was modified in January 2022, as described in <i>Subsequent Event</i> below.	2,216,678	2,216,678
Note payable to bank, dated October 10, 2018, providing for draws up to \$375,000. The note bears interest at 4.65% and requires monthly payments of principal and interest of approximately \$3,926 through December 2028. Subject to certain prepayment penalties within three years of date of loan. Secured by certain land and buildings as represented in a Negative Pledge Agreement. The note was paid in full, using proceeds from a \$950,000 bank note, dated October 13, 2021, as described below.	0	315,333
\$950,000 note payable to bank, dated October 13, 2021. Proceeds of approximately \$846,300 were used to pay-off the aforementioned notes payable to bank, as well as the bank line of credit described in Note E herein, with proceeds of approximately \$103,700 paid to the Organization for its general use. The note bears interest at 2.9%, requires 59 monthly payments of principal and interest of approximately \$9,148, and a final payment estimated at \$518,973 on October 13, 2026. Subject to certain prepayment penalties within three years of the date of the loan (unless waived as provided by agreement). Secured by certain land and buildings as represented in a Negative Pledge Agreement.	<u>929,547</u> 3,146,225	<u>0</u> 2,925,131
Less: Current portion	<u>(76,996)*</u>	<u>(79,761)</u>
	<u>\$ 3,069,229</u>	<u>\$ 2,845,370</u>

* As adjusted for the January 12, 2022 modification of the bank construction loan.

Interest expense on borrowings approximated \$113,262 and \$115,318 in 2021 and 2020, respectively.

Subsequent Event: The bank construction loan was modified on January 12, 2022. The note, as modified, bears interest at 2.95%, requires monthly interest-only payments of approximately \$5,449 through January 12, 2025, monthly principal and interest payments of approximately \$13,298 beginning in February 2025, and a final payment on January 12, 2027 of approximately \$2,031,203. At the date of modification, approximately \$182,736 was available to be funded during the interest-only phase which expires January 12, 2025.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE F -- LONG-TERM DEBT (other than the line of credit/including a subsequent event) -- Continued

Principal maturities on long-term debt are as follows at December 31, 2021, as adjusted for the January 12, 2022 modification of the construction loan:

2022	\$ 76,996
2023	86,190
2024	88,723
2025	178,729
2026	684,384
Thereafter	<u>2,031,203</u>
	<u>\$ 3,146,225</u>

NOTE G -- DONOR-ADVISED FUNDS

Donor-advised funds of \$429,687 and \$390,498 are included in net assets without donor restrictions at December 31, 2021 and 2020, respectively. Although grant recommendations are accepted from donors or other advisors of these funds, the Organization has variance power. Therefore, the ultimate discretion as to the use of these funds lies with the Organization's Board of Directors.

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

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

	Years Ended December 31,	
	<u>2021</u>	<u>2020</u>
Kahn Community Campus-capital expenditures	\$ 61,686	\$ 113,053
Kahn Community Campus-other expenditures	0	19,588
Jewish women's causes	5,000	0
Grants:		
Jewish Family Services	143,521	122,579
Jewish Community Relations Council	0	50,000
Jewish Community Center	<u>1,000</u>	<u>0</u>
	<u>\$ 211,207</u>	<u>\$ 305,220</u>

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

	December 31,	
	<u>2021</u>	<u>2020</u>
Donor restrictions - temporary in nature:		
Kahn Community Campus	\$ 0	\$ 0
Jewish women's causes	152,382	141,548
Grants:		
Jewish Family Services	54,500	12,000
Jewish Community Center	1,500	0
Other	64,940	53,421
Donor restrictions - perpetual in nature:		
Cash surrender value of life insurance policies	<u>101,171</u>	<u>77,215</u>
	<u>\$ 374,493</u>	<u>\$ 284,184</u>

Raleigh-Cary Jewish Federation, Inc.

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

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

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

The majority of the Organization's endowment agreements contain donor restrictions as to the use of investment income. At December 31, 2021, endowment net assets of \$46,117 and \$107,836 are subject to appropriation for an annual lecture and scholarships, respectively. Endowment net assets of \$12,192 at December 31, 2021, may be appropriated for general operations.

The composition of endowment net assets by fund type is as follows at December 31, 2021:

	<u>Subject to Appropriation</u>	<u>Subject to Investment in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds:			
General operations	\$ 12,191	\$ 32,696	\$ 44,887
Scholarships	107,836	377,819	485,655
Annual lecture	46,117	25,000	71,117
Board-designated endowment funds	<u>0</u>	<u>0</u>	<u>0</u>
Total endowment funds, December 31, 2021	<u>\$ 166,144</u>	<u>\$ 435,515</u>	<u>\$ 601,659</u>
Endowment net assets, December 31, 2020	\$ 117,016	\$ 433,324	\$ 550,340
Investment return, net*	67,552	0	67,552
Contributions	0	2,191	2,191
Appropriated for expenditure	<u>(18,424)</u>	<u>0</u>	<u>(18,424)</u>
Endowment net assets, December 31, 2021	<u>\$ 166,144</u>	<u>\$ 435,515</u>	<u>\$ 601,659</u>

*net management fees of \$4,204.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

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

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

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

*net management fees of \$5,067.

NOTE J -- FAIR VALUE MEASUREMENTS

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

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

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE J -- FAIR VALUE MEASUREMENTS -- Continued

Assets measured at fair value on a recurring basis by the Organization at December 31, 2021 and 2020 are as follows:

		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>December 31, 2021</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments	\$ 1,319,730	\$ 1,319,730	\$ 0	\$ 0
Pledges receivable, noncurrent	287,955	0	287,955	0
Other assets	114,289	0	114,289	0
	<u>\$ 1,721,974</u>	<u>\$ 1,319,730</u>	<u>\$ 402,244</u>	<u>\$ 0</u>
<u>December 31, 2020</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash equivalents:				
Certificate of deposit	\$ 1,017	\$ 0	\$ 1,017	\$ 0
Investments	2,517,223	2,517,223	0	0
Pledges receivable, noncurrent	421,687	0	421,687	0
Other assets	89,567	0	89,567	0
	<u>\$ 3,029,494</u>	<u>\$ 2,517,223</u>	<u>\$ 512,271</u>	<u>\$ 0</u>

Level 1: The Organization's investments are part of a pooled portfolio managed by the Jewish Foundation of Greensboro, a constituent agency of the Greensboro Jewish Federation. The Organization's share of the portfolio is carried at fair value based on quoted market prices, as reported by the Jewish Foundation of Greensboro for each donor fund. At December 31, 2021, the pooled portfolio's holdings approximated the following: cash (5%), fixed income securities (30%), and equities (65%). At December 31, 2020, the pooled portfolio's holdings approximated the following: cash (6%), fixed income securities (35%), and equities (59%).

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

At December 31, 2021 and 2020, the Organization has no assets or liabilities classified within Level 3 of the fair value hierarchy.

Notes to Financial Statements--Continued

Raleigh-Cary Jewish Federation, Inc.

NOTE K -- CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Organization to the potential concentration of credit risk consist primarily of bank deposits and pledges receivable. Bank holdings are eligible for up to \$250,000 of FDIC insurance coverage per account holder, per bank. At December 31, 2021, bank holdings exceeded federally insured limits by approximately \$173,000.

Approximately 89% of Kahn Community Campus pledges receivable at December 31, 2021, is due under three pledge agreements from individuals.

NOTE L -- OPERATING LEASE (including subsequent events)

The Organization leases office space under an operating lease scheduled to expire, if not extended, on December 31, 2021. The lease was subsequently extended through December 31, 2022. In November 2022, the Organization renewed the lease through December 31, 2024, subject to a 3% annual increase. Rent expense totaled \$27,192 and \$26,400 in 2021 and 2020, respectively. Future minimum rentals under the lease, including subsequent renewals, are as follows:

2022	\$ 28,008
2023	28,848
2024	29,713
Thereafter	<u>0</u>
	<u>\$ 86,569</u>

NOTE M -- RETIREMENT PLAN

The Organization sponsors a tax-deferred SIMPLE IRA retirement plan on behalf of its employees. All employees earning at least \$5,000 per calendar year are eligible to participate in the plan. The Organization will contribute a monthly matching contribution equal to the employee's contribution up to a maximum of 3% of the employee's compensation. Each employee may make additional contributions to the plan up to the maximum allowed by law. The Organization contributed approximately \$4,318 and \$7,992 to the retirement plan for the years ended December 31, 2021 and 2020, respectively.

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

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

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

Raleigh-Cary Jewish Federation, Inc.

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

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

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

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

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

NOTE O -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2023, the date on which the financial statements were available to be issued. No further adjustments to or disclosures in the financial statements are considered necessary.