



Bender JCC
of Greater Washington
Sondra & Howard Bender Family

BENDER JCC OF GREATER WASHINGTON

Financial Statements

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)



and
Report Thereon



BENDER JCC OF GREATER WASHINGTON

TABLE OF CONTENTS
For the Year Ended June 30, 2021

	<i>Page</i>
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Bender JCC of Greater Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the Bender JCC of Greater Washington (the Center), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditors' 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 2021 financial statements referred to above present fairly, in all material respects, the financial position of the Bender JCC of Greater Washington as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2020, financial statements, and in our report dated April 1, 2021, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
June 14, 2022

BENDER JCC OF GREATER WASHINGTON
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Summarized Financial Information as of June 30, 2020)

	2021	2020
ASSETS		
Cash	\$ 2,509,746	\$ 1,174,488
Accounts receivable, net	83,194	29,207
Grants and contributions receivable, net	1,113,820	739,225
Prepaid expenses	96,104	140,468
Investments	10,678,196	8,363,806
Other assets	-	47,594
Property and equipment, net	16,775,387	17,651,964
TOTAL ASSETS	\$ 31,256,447	\$ 28,146,752
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 703,070	\$ 1,507,998
Contract liabilities	1,695,040	593,091
Refundable advance	-	15,398
Notes payable, net	9,792,558	8,227,571
Capital lease obligations	66,597	119,075
Deferred compensation	-	47,594
TOTAL LIABILITIES	12,257,265	10,510,727
Net Assets		
Without donor restrictions	7,715,580	8,791,307
With donor restrictions	11,283,602	8,844,718
TOTAL NET ASSETS	18,999,182	17,636,025
TOTAL LIABILITIES AND NET ASSETS	\$ 31,256,447	\$ 28,146,752

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

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Program fees, net	\$ 2,163,018	\$ -	\$ 2,163,018	\$ 4,711,802
Membership dues	1,469,180	-	1,469,180	2,150,617
Contributions	372,471	417,484	789,955	1,055,801
Grants	1,140,108	731,589	1,871,697	1,216,399
Jewish Federation of Greater Washington, Inc. award	1,303,867	-	1,303,867	950,825
Special events	268,560	-	268,560	872,954
Less: Direct benefit costs	<u>(21,429)</u>	<u>-</u>	<u>(21,429)</u>	<u>(64,512)</u>
Special events revenue, net	247,131	-	247,131	808,442
Other income	345,506	-	345,506	242,132
Investment income, net	11,080	1,943,037	1,954,117	120,176
Sales, gross	1,403	-	1,403	17,468
Less: Cost of goods sold	<u>(19)</u>	<u>-</u>	<u>(19)</u>	<u>(18,674)</u>
Gross profit/ (loss)	1,384	-	1,384	(1,206)
Net assets released from restrictions:				
Satisfaction of time restrictions	31,795	(31,795)	-	-
Satisfaction of purpose restrictions	224,792	(224,792)	-	-
Appropriation of endowment income	<u>396,639</u>	<u>(396,639)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>7,706,971</u>	<u>2,438,884</u>	<u>10,145,855</u>	<u>11,254,988</u>
EXPENSES				
Program Services:				
Health and wellness	3,104,504	-	3,104,504	4,061,948
Early childhood	1,691,272	-	1,691,272	3,000,768
Camp, youth and teens	1,092,452	-	1,092,452	2,034,107
Adult services	851,644	-	851,644	1,160,644
Special needs	98,084	-	98,084	492,167
Total Program Services	<u>6,837,956</u>	<u>-</u>	<u>6,837,956</u>	<u>10,749,634</u>
Supporting Services:				
Management and general	1,468,679	-	1,468,679	1,446,395
Fundraising	476,063	-	476,063	776,018
Total Supporting Services	<u>1,944,742</u>	<u>-</u>	<u>1,944,742</u>	<u>2,222,413</u>
TOTAL EXPENSES	<u>8,782,698</u>	<u>-</u>	<u>8,782,698</u>	<u>12,972,047</u>
CHANGE IN NET ASSETS	<u>(1,075,727)</u>	<u>2,438,884</u>	<u>1,363,157</u>	<u>(1,717,059)</u>
NET ASSETS, BEGINNING OF YEAR	<u>8,791,307</u>	<u>8,844,718</u>	<u>17,636,025</u>	<u>19,353,084</u>
NET ASSETS, END OF YEAR	<u>\$ 7,715,580</u>	<u>\$ 11,283,602</u>	<u>\$ 18,999,182</u>	<u>\$ 17,636,025</u>

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

BENDER JCC OF GREATER WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Summarized Financial Information for the Year Ended June 30, 2020)

	Program Services					Supporting Services				2021 Total	2020 Total
	Health and Wellness	Early Childhood	Camp, Youth and Teens	Adult Services	Special Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
EXPENSES											
Staffing costs and benefits	\$ 1,076,956	\$ 1,231,430	\$ 506,082	\$ 535,709	\$ 60,488	\$ 3,410,665	\$ 721,746	\$ 342,464	\$ 1,064,210	\$ 4,474,875	\$ 7,459,367
Occupancy	760,316	171,942	243,916	97,875	16,764	1,290,813	150,894	45,199	196,093	1,486,906	1,607,462
Depreciation and amortization	601,115	102,889	136,497	61,968	10,624	913,093	27,451	28,890	56,341	969,434	971,481
Professional fees	405,554	70,157	41,040	39,374	4,092	560,217	256,350	3,932	260,282	820,499	1,121,611
Rental and maintenance of equipment	41,542	17,364	33,024	38,762	682	131,374	108,456	20,517	128,973	260,347	222,175
Interest expense	104,812	24,321	32,267	14,645	2,512	178,557	6,562	6,829	13,391	191,948	207,049
Supplies and events	12,578	19,725	43,692	28,066	145	104,206	14,093	24,505	38,598	142,804	403,165
Miscellaneous	51,716	1,793	25,573	13,661	88	92,831	69,282	16,036	85,318	178,149	227,157
Insurance	11,221	7,197	6,400	4,521	1,567	30,906	38,041	1,696	39,737	70,643	66,841
Membership dues	5,260	279	703	2,575	27	8,844	53,904	112	54,016	62,860	91,723
Financial assistance and scholarships	16,336	31,235	225	88	-	47,884	-	-	-	47,884	116,522
Telecommunications	6,740	4,700	5,455	7,574	1,044	25,513	12,250	1,503	13,753	39,266	32,623
Printing and publications	10,137	4,454	11,557	1,382	-	27,530	1,924	5,653	7,577	35,107	106,595
Travel, conferences and meetings	22	3,583	5,645	5,234	-	14,484	7,271	-	7,271	21,755	408,748
Postage	199	203	376	229	51	1,058	455	156	611	1,669	12,714
TOTAL FUNCTIONAL EXPENSES	3,104,504	1,691,272	1,092,452	851,663	98,084	6,837,975	1,468,679	497,492	1,966,171	8,804,146	13,055,233
Less: Direct benefit costs	-	-	-	-	-	-	-	(21,429)	(21,429)	(21,429)	(64,512)
Less: Cost of goods sold	-	-	-	(19)	-	(19)	-	-	-	(19)	(18,674)
TOTAL EXPENSES	\$ 3,104,504	\$ 1,691,272	\$ 1,092,452	\$ 851,644	\$ 98,084	\$ 6,837,956	\$ 1,468,679	\$ 476,063	\$ 1,944,742	\$ 8,782,698	\$ 12,972,047

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

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,363,157	\$ (1,717,059)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	969,434	971,481
Allowance for doubtful accounts	(265)	(26,697)
Net realized and unrealized (gains) losses on investments	(1,826,748)	22,749
Contributions restricted for investment in endowment	(209,498)	(54,309)
Changes in assets and liabilities:		
Accounts receivable	(53,722)	18,145
Grants and contributions receivable	(374,595)	1,099,304
Prepaid expenses	44,364	327,318
Accounts payable and accrued expenses	(804,928)	506,696
Contract liabilities	1,101,949	(1,247,693)
Refundable advance	(15,398)	15,398
Deferred compensation	(47,594)	3,418
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>146,156</u>	<u>(81,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,511,656	1,781,996
Purchases of investments	(990,754)	(1,296,090)
Purchases of property and equipment	(92,857)	(246,691)
Purchases of assets held for employee benefits	47,594	(3,418)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>475,639</u>	<u>235,797</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	209,498	54,309
Principal payments on notes payable	(222,013)	(852,960)
Proceeds from notes payable	1,787,000	1,433,510
Repayments on capital lease obligations	(52,478)	(16,245)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,722,007</u>	<u>618,614</u>
NET INCREASE IN CASH	2,343,802	773,162
CASH, BEGINNING OF YEAR	<u>1,229,041</u>	<u>455,879</u>
CASH, END OF YEAR	<u>\$ 3,572,843</u>	<u>\$ 1,229,041</u>
CASH, REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash	\$ 2,509,746	\$ 1,174,488
Cash held for investment purposes	1,063,097	54,553
TOTAL CASH	<u>\$ 3,572,843</u>	<u>\$ 1,229,041</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Actual cash payment for interest	<u>\$ 191,948</u>	<u>\$ 207,049</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases payable	\$ -	\$ 19,307
Equipment acquired under capital lease	\$ -	\$ 55,084
Capital lease obligation	\$ -	\$ (55,084)

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

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

1. Organization and Summary of Significant Accounting Policies

Organization

The Bender JCC of Greater Washington (the Center) is a nonprofit organization that provides health, welfare and cultural benefits to the members of the Jewish community and the Washington, D.C., metropolitan area.

Effective July 26, 2016, the Jewish Community Center of Greater Washington changed its legal name to the Bender JCC of Greater Washington.

Investments

Investments consist of an interest in the United Jewish Endowment Fund, a pooled fund maintained by the Jewish Federation of Greater Washington, fixed-income funds, mutual and exchange-traded funds, State of Israel bonds, money market funds and cash held for investment purposes. Valuation techniques and the inputs used to measure investments are disclosed at Note 11.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful service lives of the assets, ranging from three to 10 years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining lease term. Capital leased assets are recorded at cost and are amortized using the straight-line method over the life of the lease. Assets held during construction are stated at cost and are not depreciated until the asset is placed in service, at which time the asset is transferred to leasehold improvements. Expenditures for major additions, renewals and betterments are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses. The Center capitalizes property and equipment with a cost of \$5,000 or more and an economic life in excess of one year.

Revenue Recognition

Program fees are recorded in contract liabilities upon receipt and recognized as revenue in the period in which the related program is held and the performance obligation is met. Discounts are provided to members and the general public based upon volume purchases and other marketing promotions. Discounts on registrations are also provided to staff of the Center and range from 15% to 50%. Program fees are reported net of such discounts. Discounts for the year ended June 30, 2021, for members, the general public and staff totaled \$240,486, and is netted against program fees in the accompanying statement of activities.

Membership dues are recognized as revenue in the period to which the dues relate and the performance obligation is met. Dues paid by members in advance of the membership period are reported as contract liabilities in the accompanying statement of financial position.

Unconditional contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Contributions and grants are recorded in the year in which payments are received and/or unconditional promises to give are made.

Any restricted assets received and expended during the same year are reported as net assets without donor restrictions.

Special events revenue is recognized at the point in time the events take place and the performance obligation is met.

Other income includes guest passes, locker room rentals and facility rental income. Guest passes are recognized at the time of sale and rental income is recognized over time.

The Center does not record contributions of works of art and similar assets held for public exhibition and education which are on loan to the Center for display for various time periods.

Fair Value Measurement

The Center has categorized its applicable financial instruments into a required fair value hierarchy as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of June 30, 2021, the Center's investments as described in Notes 2 and 11 of these financial statements were measured at fair value on a recurring basis.

The Center also uses net asset value (NAV) or its equivalent, as a practical expedient, for fair value measurement for applicable financial assets and liabilities and accordingly these are excluded from the fair value hierarchy disclosures and included as a reconciling item in Note 11 of these financial statements.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Center at the discretion of the Center's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated \$1,132,546 of net assets without donor restrictions to serve as a working capital reserve to secure the Center's long-term financial viability. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated proportionately among the programs and supporting services based on management's estimates of shared costs. Administrative and indirect expenses are allocated based on a benchmark study of time spent in each area. Other expenses such as maintenance and cleaning expenses are allocated based on the square footage of each room in the building and the time each room was used for each functional area.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Investments

Investments consisted of the following at June 30, 2021:

Pooled fund of the United Jewish Endowment Fund	\$ 4,095,823
Exchange-traded funds	3,302,291
Fixed-income funds	1,192,227
Fixed-income mutual funds	661,663
State of Israel bonds	350,006
Money market funds	13,089
Cash	<u>1,063,097</u>
Total Investments	<u>\$ 10,678,196</u>

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows at June 30, 2021:

Less than one year	\$ 834,180
One to five years	<u>303,587</u>
Total Grants and Contributions Receivable	1,137,767
Less: Discount for Present Value	(5,582)
Less: Allowance for Doubtful Accounts	<u>(18,365)</u>
Grants and Contributions Receivable, Net	<u>\$ 1,113,820</u>

The discount rates used to calculate the net present value of multiyear receivables are dependent upon the date the award was received, and range from 0.7% to 2.8%.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Center held the following property and equipment as of June 30, 2021:

Leasehold improvements	\$ 28,606,540
Furniture and equipment	2,252,515
Capital lease	297,950
Assets held under construction	<u>10,101</u>
Total Property and Equipment	31,167,106
Less: Accumulated Depreciation and Amortization	<u>(14,391,719)</u>
Property and Equipment, Net	<u>\$ 16,775,387</u>

Depreciation and amortization expense was \$969,434 for the year ended June 30, 2021.

The Center is undergoing renovations funded through its Centennial Campaign and a note payable. (See Notes 8 and 6, respectively.) At June 30, 2016, the first phase of renovations was complete, with improvements to the Center's preschool upper level, classrooms and art/dance studios, social hall, gallery, kitchen, and family locker rooms. At June 30, 2017, the second phase of renovations was complete, with improvements to the Center's lower level and hallway extension on the upper level, the indoor pool, the adult locker room, and the front playground. Renovations to the outdoor pool were completed in May 2018. Renovations to the lobby and fitness center were completed in May 2019. No interest was capitalized during 2019 as the Center considered the amount to be insignificant based on the qualifying expenses.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

5. Contract Liabilities

The following table provide information about significant changes in the contract liabilities that were paid in advance for the year ended June 30, 2021:

Contract liabilities – program fees, July 1	\$ 593,091
Program fees revenue recognized	(2,163,018)
Collections of program fees revenue	<u>3,264,967</u>
Contract Liabilities – Program fees, June 30	<u>\$ 1,695,040</u>

6. Notes Payable and Line of Credit Agreement

In 2011, the Center refinanced a note agreement with a financial institution and entered into a \$3,147,165 promissory note. The note had a ten-year term which commenced March 20, 2011. Interest accrued at an annual rate of 4.75% for the first five years. Payments of interest were due monthly. On September 4, 2016, the remaining balance of \$1,968,853 was refinanced as stated below.

On June 30, 2016, the Center entered into a tax-exempt nonbank qualified loan under the National Jewish Federation Bond Program issued through the Colorado Educational and Cultural Facilities Authority to provide funds for renovations and to refinance the \$1,968,853 balance in the 2011 note. The loan was funded on September 4, 2016, in an amount up to \$14 million. The maturity date is September 1, 2030, with a renewal on September 1, 2022. A balloon payment will be due at maturity. Interest accrues at an annual fixed rate of 2.569%.

The draw period is 24 months during which only interest is due. Following the draw period, interest will continue to be paid monthly with annual principal payments of a minimum amount of \$750,000. Principal payments may be paid in advance at any time without penalty and any excess shall be applied to further reduce the amount of the next periodic principal redemption which is due. On February 1, 2018, the loan was amended such that the minimum annual principal payment due on the loan will be \$532,177. Also in February 2018, the Center made a principal payment of \$1,300,000 which offset the amounts due in 2019 – 2021. In July 2018 and November 2018, the Center made additional principal payments of \$2,000,000 and \$1,750,000 which offset the amounts due through 2024. In February 2020, the Center made an additional principal payment of \$700,000 which offsets the amounts due through 2025. In March 2020, the loan was amended such that the interest only payments are deferred until July 2020. In May 2020, the loan was again amended such that the interest only payments are deferred until October 1, 2020. At June 30, 2021, the loan balance was \$3,433,974.

In addition, the financial institution provided the Center with a line of credit for \$500,000. Interest on any outstanding balance is payable monthly at a variable rate equal to the U.S. Prime Rate, as adjusted daily, and with a specified minimum floor of 4%. The line of credit is payable upon demand and may be withdrawn at any time by the financial institution. As of June 30, 2021, no amounts had been advanced to the Center under this line of credit.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

6. Notes Payable and Line of Credit Agreement (continued)

Under the loan and the line-of-credit agreements, the Center must maintain all of its operating accounts with the financial institution, and the Center cannot incur additional debts from other financial institutions in excess of \$100,000 without the bank's permission, with the exception of purchase money financing and financing for equipment leases. The financial institution also requires that audited financial statements be submitted to the bank by February 1 of each year. This requirement was not met for the year ended June 30, 2021, however the Center obtained a waiver from the financial institution. The loan and line of credit are cross-collateralized with a first position lien on the Center's assets, including leasehold improvements and fixtures, as well as a lien on eligible contributions receivable.

On November 16, 2017, the Center entered into a below-market interest loan of \$4 million from the Morningstar Foundation to provide funds for the termination of the Center's Defined Benefit Plan. The loan was funded on November 28, 2017, in an amount of \$2 million. Later, on December 29, 2017, the loan was funded with an additional \$2 million. The maturity date is December 31, 2025. A balloon payment will be due at maturity. Interest accrues at an annual fixed rate of 2.5%. An amount of principal is paid monthly (based on a 15-year amortization of the note) such that each monthly payment equals \$26,672. Each monthly installment consists of interest and principal. The loan balance as of June 30, 2021, was \$3,280,955. The Defined Benefit Plan was terminated in 2017.

On April 15, 2020, the Center entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$1,433,510. The loan will mature on April 15, 2022, with a fixed interest rate of 1% per annum. Consecutive monthly payments of principal and interest will commence 10 months after the end of the forgiveness covered period, through the maturity date. The loan amount may be eligible for forgiveness pursuant to the provisions of the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder can be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. On January 30, 2021, the Center entered into an agreement for a second draw PPP loan with the same financial institution in the amount of \$787,500. The loan will mature on January 30, 2026, with a fixed interest rate of 1% per annum. Similar to the first draw PPP loan, all or a portion of the loan may be eligible of forgiveness pursuant to the PPP requirements.

On October 21, 2020, the Center entered into an interest free note payable agreement for \$1,000,000 with the Jewish Community Response and Impact Fund (JCRIF). Under terms of the agreement, quarterly installments will made with final payment due July 1, 2024. The financial institution also requires that audited financial statements be submitted to the bank within 180 days after the end of each year. This requirement was not met for the year ended June 30, 2021, however the Center obtained a waiver from the financial institution.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

6. Notes Payable and Line of Credit Agreement (continued)

As of June 30, 2021, future principal payments under these notes are due as follows:

<u>For the Year Ending</u> <u>June 30,</u>	
2022	\$ 1,574,859
2023	4,679,033
2024	777,851
2025	536,209
2026	<u>2,365,634</u>
Total Notes Payable	9,933,586
Less: Bond Issuance Costs	<u>(141,028)*</u>
Notes Payable, Net	<u>\$ 9,792,558</u>

* The cost of issuance of the tax-exempt bond consists of underwriters' fees, attorneys' fees and other costs. The bond issuance costs are being charged to interest expense on a straight-line basis over the 15-year term of the bond.

7. Commitments and Contingencies

Concentration of Credit Risk

The Center maintains its cash with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2021, the Center had approximately \$3,570,000 composed of demand deposits, savings accounts and money market accounts, which exceeded the maximum limit insured by the FDIC by approximately \$3,282,000. The Center monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash.

As of June 30, 2021, \$600,000 of the total net grants and contributions receivable balance was due from one donor. This amount represents 54% of the Center's net grants and contributions receivable balance as of June 30, 2021.

Operating Lease

The Center leases one of three contiguous properties from the Greater Washington Jewish Community Foundation. The lease commenced in 1969 and has a term of 99 years with an option to renew for an additional 99 years. Under the terms of this lease, the space is rented at \$1 per year. Additionally, the Center must pay its share of the costs of the maintenance and operations of the property and common areas. The net present value of the donated rent for the lease term was not recognized because the amount, based upon the value of the space at the time of the donation, was not material to the Center's financial statements.

For the year ended June 30, 2021, the Center incurred expenses of \$408,194 for maintenance and operating costs related to the space.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

7. Commitments and Contingencies (continued)

Risk and Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Center has been able to continue most of its operations; however, at this point, the extent to which COVID-19 will impact the Center's financial condition or results of operations is uncertain. Management and the Board are continuously engaged in strategic and generative discussions to develop methods of providing the Center's programs under alternative operating scenarios.

8. Net Assets

Net Assets Without Donor Restrictions

As of June 30, 2021, the Center's net assets without donor restrictions were composed of:

Undesignated	\$ 6,583,034
Board-designated (considered quasi-endowments):	
Stetson Fund	108,098
Council for the Arts Fund	<u>24,448</u>
Board-Designated Subtotal	<u>132,546</u>
Total Net Assets Without Donor Restrictions	<u>\$ 6,715,580</u>

During 2021, the Board approved transfers from the Board quasi-endowment of \$175,644 to support operations. There were no transfers into the Board quasi-endowment in 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following programs or purposes as of June 30, 2021:

Perpetual in nature:	
Endowment funds:	
Adult services	\$ 3,042,315
Special needs	2,385,926
Early childhood	728,277
Camp, youth, teens	619,953
Activities of the center	533,971
Health and wellness	<u>104,270</u>
Total Endowment Funds	7,414,712

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

8. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

(continued)

Time-restricted:	
Restricted for use in 2022	\$ 634,400
Purpose-restricted:	
Unspent endowment earnings	2,186,194
Centennial campaign	794,101
Family engagement	25,445
Adult services	56,006
Special needs	94,700
Camp, youth and teens	75,642
Health and wellness	<u>2,402</u>
Total Net Assets With Donor Restrictions	<u>\$ 11,283,602</u>

9. Endowment Funds

The Center's endowment consists of individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

Interpretation of Relevant Law

The original value of all gifts donated to the permanent endowment are classified as net assets with donor restrictions. The Center's policy is to preserve the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary.

The Center's Board has interpreted the Maryland enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Center to appropriate for expenditure, or accumulate so much of an endowment fund as the Center determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Investment returns on permanent endowments are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings on the permanent endowments are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires an organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. The Center's policy is to appropriate from funds with

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

9. Endowment Funds (continued)

Funds with Deficiencies (continued)

deficiencies, except as discussed below. As of June 30, 2021, twelve endowments with an original value of \$268,865 and a current value of \$241,169 had a cumulative underwater deficiency of \$27,696.

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. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as a board-designated fund. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term, and capital market volatility, the Board believes that a moderate risk strategy is prudent. Under this policy, as approved by the Board of Directors, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. The Center expects its endowment funds to provide an average rate of return of approximately 5% to 7% over time. 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 with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

In 2018, the Center amended its policy whereby the spending rate for existing endowments is set at 5.0% of the average fair value of its endowment over the prior three calendar years in which the distribution was planned. For new endowments, there is no spending until year two of the endowment and there will not be any spending on new endowments that are underwater. The spend rate for new endowments is 5.0% except that the first draw will be 1/2 of the spend rate. In establishing its policy, the Center considered the long-term expected return of its endowment. 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.

BENDER JCC OF GREATER WASHINGTON

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

9. Endowment Funds (continued)

Spending Policy and How the Investment Objectives Relate to the Spending Policy (continued)

The Center's endowment net asset composition by fund type was as follows as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original value donor-restricted endowment funds	\$ -	\$ 7,414,712	\$ 7,414,712
Accumulated earnings on donor-Restricted endowment funds	-	2,186,194	2,186,194
Board-designated endowment funds	<u>132,546</u>	<u>-</u>	<u>132,546</u>
Total Endowment Net Assets	<u>\$ 132,546</u>	<u>\$ 9,600,906</u>	<u>\$ 9,733,452</u>

For the year ended June 30, 2021, changes in endowment net assets were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 299,562	\$ 7,845,010	\$ 8,144,572
Investment return, net:	8,628	1,943,037	1,951,665
Contributions	<u>-</u>	<u>209,498</u>	<u>209,498</u>
Appropriations for expenditures	<u>(175,644)</u>	<u>(396,639)</u>	<u>(572,283)</u>
Endowment Net Assets, End of Year	<u>\$ 132,546</u>	<u>\$ 9,600,906</u>	<u>\$ 9,733,452</u>

10. Availability of Resources and Liquidity

The Center regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Center's financial assets available for general expenditures, excluding Centennial campaign receipts, within one year of June 30, 2021 were:

Financial Assets Available Within One Year:

Cash	\$ 2,509,746
Investments	10,678,196
Accounts receivable, net	83,194
Grants and contributions receivable collectible in one year	<u>834,180</u>
Total Financial Assets Available Within One Year	14,105,316

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

10. Availability of Resources and Liquidity (continued)

Financial Assets Available Within One Year (continued):

Less:

Financial assets unavailable for general expenditure within one year:

Net assets with donor restrictions	\$ (11,283,602)
Net assets designated by the board	(1,132,546)
Centennial campaign receipts	<u>(156,883)</u>

Financial Assets Available to Meet General Expenditures Within One Year	\$ <u><u>1,532,285</u></u>
--	----------------------------

The Center has various sources of liquidity at its disposal, including cash, and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Center throughout the year. This is done through regular monitoring and reviewing the Center's cash flow needs. As a result, management is aware of the cyclical nature of the Center's cash flow related to the Center's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of the Center's liquidity plan, excess cash is invested in publicly traded investments, including mutual funds and equity securities. Additionally, the Center's board-designated net assets are available for current operations, if so elected by the Board.

11. Fair Value Measurement

The following table summarizes the Center's assets and liabilities as of June 30, 2021, which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level within which those measurements were made.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Assets measured in the fair value hierarchy:				
Investments in the fair value hierarchy:				
State of Israel bonds	\$ <u>350,006</u>	\$ -	\$ <u>350,006</u>	\$ -
Fixed-income funds:				
Corporate bonds	545,778	-	545,778	-
Mortgage pools	397,524	-	397,524	-
U.S. treasuries	149,127	-	149,127	-
Municipal bonds	<u>99,798</u>	<u>-</u>	<u>99,798</u>	<u>-</u>
Total Fixed-Income Funds	<u>1,192,227</u>	<u>-</u>	<u>1,192,227</u>	<u>-</u>

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

11. Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>(continued)</i>				
Fixed-income mutual funds:				
Intermediate term	\$ 472,248	\$ 472,248	\$ -	\$ -
Multi-sector	<u>189,415</u>	<u>189,415</u>	<u>-</u>	<u>-</u>
Total Fixed-Income Mutual Funds	<u>661,663</u>	<u>661,663</u>	<u>-</u>	<u>-</u>
Exchange-traded funds:				
U.S. large cap	1,448,735	1,448,735	-	-
International equity	741,172	741,172	-	-
U.S. small cap	729,507	729,507	-	-
Emerging markets	<u>382,877</u>	<u>382,877</u>	<u>-</u>	<u>-</u>
Total Exchange-Traded Funds	<u>3,302,291</u>	<u>3,302,291</u>	<u>-</u>	<u>-</u>
Money market funds	<u>13,089</u>	<u>13,089</u>	<u>-</u>	<u>-</u>
Total Assets in the Fair Value Hierarchy	5,519,276	<u>\$ 3,977,043</u>	<u>\$ 1,542,233</u>	<u>\$ -</u>
Cash	1,063,097			
Investments measured at NAV:				
Pooled fund of the United Jewish Endowment Fund ^(a)	<u>4,095,823</u>			
Total Assets	<u>\$ 10,678,196</u>			

(a) This investment is measured at NAV, or its equivalent, as a practical expedient and has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the statement of financial position.

The Center used the following methods and significant assumptions to estimate fair value for its investments recorded at fair value:

State of Israel bonds and fixed-income funds – State of Israel bonds are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows, and are classified as Level 2 within the valuation hierarchy. A yield-based matrix system was used to arrive at an estimated market value for the bonds (market valuation approach).

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2021

11. Fair Value Measurement (continued)

Mutual funds, exchange-traded funds and money market funds – Mutual funds, exchange-traded funds, and money market funds are classified within Level 1 of the valuation hierarchy, as they are valued at readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

The Center's interest in the pooled fund of the United Jewish Endowment Fund includes underlying interests in a variety of domestic and international equity funds, hedge funds, private equity funds and real asset funds. These underlying investments are subject to certain restrictions and, generally, have no active established trading market. The investments are managed by the United Jewish Endowment Fund. As of June 30, 2021, 80% of the Center's interest may be redeemed at NAV at the measurement date and the remaining 20% may be redeemed ten days after month-end and there is no redemption notice period. There were no unfunded capital commitments to the pooled fund of the United Jewish Endowment Fund as of June 30, 2021.

12. Retirement Plans

Defined Contribution Plan

The Center maintains a contributory defined contribution 403(b) retirement plan for all eligible full-time employees. An eligible employee is defined as any employee who has attained 21 years of age and has completed at least one year of service of 1,000 or more hours. All employer contributions are discretionary, and participants vest in employer contributions after three years. For the year ended June 30, 2021, the Center did not make employer contributions to the Plan.

Effective January 1, 2017, the Center automatically withholds 2% of each eligible employee's compensation each payroll period and remits such amount to the Plan as each employee's elective deferral. Employees may enter into a salary reduction agreement at any time to select an alternative contribution deferral percentage or to elect not to contribute to the Plan.

13. Income Taxes

The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. There is no accrual for income tax expense, as the Center had no significant net unrelated business income for the year ended June 30, 2021.

The Center evaluated its uncertainty in income taxes for the year ended June 30, 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. It is the Center's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. The Center is subject to routine audits by taxing jurisdictions; however, as of June 30, 2021, there are no audits for any tax period pending or in progress.

BENDER JCC OF GREATER WASHINGTON

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

14. Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 financial statements presentation.

15. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2020, from which the summarized information was prepared.

16. Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through June 14, 2022, the date the financial statements were available to be issued. Except as disclosed below, there were no other subsequent events that require recognition or disclosure in the financial statements.

On July 7, 2021, the Center received confirmation from the Lender and the SBA for the formal forgiveness of the PPP Loan. As a result, forgiveness of debt in the amount of \$1,433,510 will be recorded during the year ending June 30, 2022.