BENDER JCC OF GREATER WASHINGTON

Financial Statements

For the Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

and
Report Thereon

BENDER JCC OF GREATER WASHINGTON

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Bender JCC of Greater Washington (the Center), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Marcum LLP / 1899 L Street, NW / Suite 850 / Washington, DC 20036 / **Phone** 202.227.4000 / **marcumllp.com**

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Other Matter

Report on Summarized Comparative Information

We have previously audited the Center's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
December 21, 2023

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Summarized Financial Information as of June 30, 2022)

	2023	2022
ASSETS		
Cash	$ 3,123,512	$ 4,127,197
Accounts receivable, net	74,750	191,546
Employee retention tax credit receivable	224,087	-
Grants and contributions receivable, net	1,449,246	2,167,969
Prepaid expenses	182,482	147,040
Investments	9,327,913	9,141,531
Employee loan receivable	25,579	25,144
Property and equipment, net	15,961,005	15,628,063
TOTAL ASSETS	$ 30,368,574	$ 31,428,490
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,072,130	$ 1,088,581
Contract liabilities	1,925,555	2,056,068
Notes payable, net	6,370,830	7,019,107
TOTAL LIABILITIES	9,368,515	10,163,756
Net Assets		
Without donor restrictions	9,329,941	9,306,803
With donor restrictions	11,670,118	11,957,931
TOTAL NET ASSETS	21,000,059	21,264,734
TOTAL LIABILITIES AND NET ASSETS	$ 30,368,574	$ 31,428,490

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, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE AND SUPPORT				
Program fees, net	$ 5,152,747	$ -	$ 5,152,747	$ 4,483,962
Membership dues	1,812,746	-	1,812,746	1,763,524
Contributions	556,491	263,987	820,478	1,870,238
Grants	1,075,320	153,408	1,228,728	2,263,633
Jewish Federation of Greater Washington, Inc. award	790,313	-	790,313	825,089
Special events	706,191	-	706,191	470,636
Less: Direct benefit costs	(64,182)	-	(64,182)	(100,287)
Special events revenue, net	642,009	-	642,009	370,349
Other income	1,066,404	-	1,066,404	567,708
Loan forgiveness	-	-	-	2,221,010
Employee retention tax credit	224,087	-	224,087	-
Investment income, net	19,132	680,733	699,865	(783,496)
Net assets released from restrictions:				
Satisfaction of time restrictions	10,259	(10,259)	-	-
Satisfaction of purpose restrictions	978,000	(978,000)	-	-
Appropriation of endowment income	397,682	(397,682)	-	-
TOTAL REVENUE AND SUPPORT	12,725,190	(287,813)	12,437,377	13,582,017
EXPENSES				
Program Services:				
Health and wellness	3,500,975	-	3,500,975	3,782,014
Early childhood	2,458,945	-	2,458,945	2,145,767
Camp, youth and teens	1,747,210	-	1,747,210	1,615,718
Adult services	1,094,194	-	1,094,194	948,288
Special needs	346,649	-	346,649	295,624
Total Program Services	9,147,973	-	9,147,973	8,787,411
Supporting Services:				
Management and general	3,058,674	-	3,058,674	1,968,411
Fundraising	495,405	-	495,405	560,643
Total Supporting Services	3,554,079	-	3,554,079	2,529,054
TOTAL EXPENSES	12,702,052	-	12,702,052	11,316,465
CHANGE IN NET ASSETS	23,138	(287,813)	(264,675)	2,265,552
NET ASSETS, BEGINNING OF YEAR	9,306,803	11,957,931	21,264,734	18,999,182
NET ASSETS, END OF YEAR	$ 9,329,941	$ 11,670,118	$ 21,000,059	$ 21,264,734

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, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	Program Services						Supporting Services				
	Health and Wellness	Early Childhood	Camp, Youth and Teens	Adult Services	Special Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2023 Total	2022 Total
EXPENSES											
Staffing costs and benefits	$ 1,052,510	$ 1,875,427	$ 832,666	$ 531,974	$ 296,109	$ 4,588,686	$ 1,284,572	$ 376,732	$ 1,661,304	$ 6,249,990	$ 5,450,598
Occupancy	748,810	225,370	244,631	110,194	18,327	1,347,332	831,007	49,846	880,853	2,228,185	2,011,067
Professional fees	679,825	88,511	223,442	182,078	12,356	1,186,212	366,345	12,164	378,509	1,564,721	1,220,106
Depreciation and amortization	575,312	99,393	131,866	59,850	10,262	876,683	26,675	27,909	54,584	931,267	1,308,260
Travel, conferences and meetings	166,755	13,906	155,099	48,938	804	385,502	12,983	138	13,121	398,623	189,346
Supplies and events	40,203	68,943	52,072	70,105	2,644	233,967	79,428	64,497	143,925	377,892	272,462
Interest expense	110,597	30,405	36,979	17,183	2,775	197,939	10,934	6,746	17,680	215,619	177,270
Miscellaneous	3,153	3,841	8,750	3,329	-	19,073	172,405	3,040	175,445	194,518	254,050
Membership dues	13,474	1,259	4,799	3	-	19,535	119,422	38	119,460	138,995	49,756
Insurance	22,853	7,813	18,395	22,218	2,105	73,384	46,607	8,661	55,268	128,652	83,851
Rental and maintenance of equipment	42,969	8,356	18,287	18,727	295	88,634	34,095	1,800	35,895	124,529	233,723
Printing and publications	9,286	1,451	6,586	25,790	-	43,113	34,349	6,434	40,783	83,896	49,952
Telecommunications	17,066	12,980	12,631	14,033	937	57,647	18,519	1,168	19,687	77,334	48,460
Financial assistance and scholarships	17,955	21,084	604	-	-	39,643	-	-	-	39,643	61,140
Postage	207	206	403	683	35	1,534	21,333	414	21,747	23,281	3,727
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	8,217
TOTAL FUNCTIONAL EXPENSES	3,500,975	2,458,945	1,747,210	1,105,105	346,649	9,158,884	3,058,674	559,587	3,618,261	12,777,145	11,421,985
Less: Direct benefit costs	-	-	-	-	-	-	-	(64,182)	(64,182)	(64,182)	(100,287)
Less: Cost of goods sold	-	-	-	(10,911)	-	(10,911)	-	-	-	(10,911)	(5,233)
TOTAL EXPENSES	$ 3,500,975	$ 2,458,945	$ 1,747,210	$ 1,094,194	$ 346,649	$ 9,147,973	$ 3,058,674	$ 495,405	$ 3,554,079	$ 12,702,052	$ 11,316,465

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, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (264,675)	$ 2,265,552
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	931,267	1,322,685
Allowance for doubtful accounts	2,971	(1,660)
Loan forgiveness	-	(2,221,010)
Discount of contributions to present value	17,820	131,400
Net realized and unrealized losses (gains) on investments	(376,193)	939,128
Contributions restricted for investment in endowment and plant	(413,987)	(1,016,426)
Changes in assets and liabilities:		
Accounts receivable	113,825	(106,692)
Employee retention tax credit receivable	(224,087)	-
Grants and contributions receivable	700,903	(1,185,549)
Prepaid expenses	(35,442)	(50,936)
Accounts payable and accrued expenses	(16,451)	318,914
Contract liabilities	(130,513)	361,028
NET CASH PROVIDED BY OPERATING ACTIVITIES	305,438	756,434
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,043,069	998,576
Purchases of investments	(799,216)	(359,242)
Purchases of property and equipment	(1,264,209)	(160,936)
Employee loan disbursement	(435)	(25,144)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(1,020,791)	453,254
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment and plant	413,987	1,016,426
Principal payments on notes payable	(648,277)	(566,866)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(234,290)	449,560
NET (DECREASE) INCREASE IN CASH	(949,643)	1,659,248
CASH, BEGINNING OF YEAR	4,182,083	2,522,835
CASH, END OF YEAR	$ 3,232,440	$ 4,182,083
CASH, REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash	$ 3,123,512	$ 4,127,197
Cash held for investment purposes	108,928	54,886
TOTAL CASH	$ 3,232,440	$ 4,182,083
SUPPLEMENTAL CASH FLOW INFORMATION		
Actual cash payments for interest	$ 202,093	$ 162,845
NONCASH FINANCING ACTIVITIES		
Loan forgiveness	$ -	$ 2,221,010

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

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.

Investments

Investments are recorded in the accompanying financial statements at their estimated fair value. Fair value is 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. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the reporting period.

Accounts and Grants and Contributions Receivable, net

Receivables are recorded at their present net realizable value. Conditional grants and contributions receivable are recognized when the conditions on which they depend are substantially met. The Center uses the allowance method to record potentially uncollectible accounts. The allowance is based on prior years' experience and management's analysis of specific receivables. An allowance for doubtful accounts has been established for amounts management believes may not be fully collectible.

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, 2023, for members and the general public totaled $250,489 and are netted against program fees in the accompanying statement of activities.

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

Revenue Recognition (continued)

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. 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. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition on which they depend have been substantially met. The Employee Retention Tax Credit (ERTC) is considered a conditional grant and was recognized when the Center met the conditions for receiving the credit set by the federal government and recognized in the quarters when the Center was eligible to receive it. The ERTC is shown as a receivable as of June 30, 2023, and the Center excepted to collect it within one year. The Center had no conditional contributions as of June 30, 2023, where the conditions had not been met.

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.

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

Fair Value Measurement (continued)

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, 2023, 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.

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 may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. As of June 30, 2023, there were no board-designated net assets. 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, 2023:

Pooled fund of the United Jewish Endowment Fund	$ 3,221,363
Exchange-traded funds	3,544,302
Bonds	1,124,104
U.S. Treasuries	256,877
Mutual funds	635,534
Money market funds	436,805
Cash	108,928
Total Investments	$ 9,327,913

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows at June 30, 2023:

Less than one year	$ 471,412
One to five years	250,000
Greater than five years	900,000
Total Grants and Contributions Receivable	1,621,412
Less: Discount for Present Value (4.13%)	(153,801)
Less: Allowance for Doubtful Accounts	(18,365)
Grants and Contributions Receivable, Net	$ 1,449,246

4. Property and Equipment and Accumulated Depreciation and Amortization

The Center held the following property and equipment as of June 30, 2023:

Leasehold improvements	$ 29,835,257
Furniture and equipment	2,633,642
Software in progress	53,928
Total Property and Equipment	32,522,827
Less: Accumulated Depreciation and Amortization	(16,561,822)
Property and Equipment, Net	$ 15,961,005

Depreciation and amortization expense was $931,267 for the year ended June 30, 2023.

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, 2023:

Contract liabilities – program fees, July 1	$ 2,056,068
Program fees revenue recognized	(5,152,747)
Collections of program fees revenue	5,022,234
Contract Liabilities – Program fees, June 30	$ 1,925,555

6. Notes Payable and Line of Credit Agreement

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 a previous note. The loan was funded on September 4, 2016, in an amount up to $14 million. The maturity date was 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% 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.

On July 1, 2022, the Center refinanced and renewed the loan with a new annual fixed interest rate of 3.47%. A principal payment will be due in 2029 and a final balloon payment of $3,015,671 will be due on September 1, 2030. At June 30, 2023, 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, 2023, no amounts had been advanced to the Center under this line of credit.

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 met for the year ended June 30, 2023. 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.

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

On November 16, 2017, the Center entered into a below-market interest unsecured 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. At June 30, 2023, the loan balance was $2,784,360. The Defined Benefit Plan was terminated in 2017.

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 be made with final payment due July 1, 2024. At June 30, 2023, the loan balance was $333,333. 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, 2023, however the Center obtained a waiver from the financial institution.

As of June 30, 2023, future principal payments under these notes are due as follows:

For the Year Ending June 30,	
2024	$ 505,373
2025	345,164
2026	2,266,895
2027	-
2028	-
Thereafter	3,434,235
Total Notes Payable	6,551,667
Less: Bond Issuance Costs	(180,837)
Notes Payable, Net	$ 6,370,830

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. For the year ended June 30, 2023, interest expense related to the above notes payable was $215,619.

7. Commitments and Contingencies

Concentrations 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, 2023, the Center had approximately

7. Commitments and Contingencies (continued)

Concentrations of Credit Risk (continued)

$3,748,000 composed of demand deposits, savings accounts and money market accounts, which exceeded the maximum limit insured by the FDIC by approximately $53,000. The Center has not experienced any credit losses on its cash.

As of June 30, 2023, $1,250,000 of the total net grants and contributions receivable balance was due from one donor. This amount represents 86% of the Center's net grants and contributions receivable balance as of June 30, 2023.

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, 2023, the Center incurred expenses of $423,550 for maintenance and operating costs related to the space.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following programs or purposes as of June 30, 2023:

Perpetual in nature:	
Endowment funds:	
Adult services	$ 3,301,617
Special needs	2,392,189
Early childhood	735,812
Camp, youth, teens	2,002,516
Activities of the center	539,471
Health and wellness	109,270
Total Endowment Funds	9,080,875
Time-restricted:	
Restricted for use in 2023	145,426
Purpose-restricted:	
Unspent endowment earnings	1,314,024
Centennial campaign	844,901

8. Net Assets With Donor Restrictions (continued)

(continued)	
Purpose-restricted:	
Family engagement	$ 25,445
Adult services	61,006
Special needs	94,700
Camp, youth and teens	101,339
Health and wellness and other	2,402
Total Net Assets With Donor Restrictions	$ 11,670,118

9. Endowment Funds

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 deficiencies, except as discussed below. As of June 30, 2023, 29 endowments with an original value of $1,095,280 and a current value of $1,044,884 had a cumulative underwater deficiency of $50,396.

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). 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,

9. Endowment Funds (continued)

Return Objectives and Risk Parameters (continued)

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.

The Center's endowment net asset composition by fund type was as follows as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original value donor-restricted endowment funds	$ -	$ 9,080,875	$ 9,080,875
Accumulated earnings on donor-Restricted endowment funds	-	1,314,024	1,313,024
Board-designated endowment funds	-	-	-
Total Endowment Net Assets	$ -	$ 10,394,899	$ 10,394,899

9. Endowment Funds (continued)

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

For the year ended June 30, 2023, changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 39,121	$ 9,847,860	$ 9,886,981
Investment return/loss, net:	884	680,733	681,617
Contributions	-	263,987	263,987
Appropriations for expenditures	(40,005)	(397,691)	(437,696)
Endowment Net Assets, End of Year	$ -	$ 10,394,889	$ 10,394,899

10. Availability 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, 2023 were:

Financial Assets Available Within One Year:	
Cash	$ 3,123,512
Investments	9,327,913
Accounts receivable, net	74,749
Grants and contributions receivable collectible in one year	471,412
Total Financial Assets Available Within One Year	12,997,586
Less:	
Financial assets unavailable for general expenditure within one year:	
Net assets with donor restrictions	(11,670,118)
Financial Assets Available to Meet General Expenditures Within One Year	$ 1,327,468

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.

10. Availability and Liquidity (continued)

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.

11. Fair Value Measurement

The following table summarizes the Center's assets and liabilities as of June 30, 2023, 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.

	Fair Value	Level 1	Level 2	Level 3
Assets:				
Assets measured in the fair value hierarchy:				
Exchange-traded funds:				
U.S. large cap	$ 1,806,953	$ 1,806,953	$ -	$ -
International equity	749,515	749,515	-	-
U.S. small & mid cap	685,002	685,002	-	-
Emerging markets	302,832	302,832	-	-
Total Exchange-Traded Funds	3,544,302	3,544,302	-	-
Bonds:				
State of Israel	198,946	-	198,946	-
Other bonds	925,158	-	925,158	-
Total Bonds	1,124,104	-	1,124,104	-
U.S. Treasuries	256,877	256,877	-	-
Mutual funds – Fixed income	635,534	635,534	-	-
Money market funds	436,805	436,805	-	-
Total Assets in the Fair Value Hierarchy	5,997,622	$ 4,873,518	$ 1,124,104	$ -
Cash	108,928			
Investments measured at NAV:				
Pooled fund of the United Jewish Endowment Fund	3,221,363			
Total Assets	$ 9,327,913			

11. Fair Value Measurement (continued)

The pooled fund of the United Jewish Endowment Fund is measured at NAV, or its equivalent, as a practical expedient and has not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the amount presented in the statement of financial position. Bonds are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. A yield-based matrix system was used to arrive at an estimated market value for the bonds (market valuation approach). Mutual funds, exchange-traded funds, and money market funds 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, 2023, 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, 2023.

12. 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, 2023, 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, 2023.

The Center evaluated its uncertainty in income taxes for the year ended June 30, 2023, 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

13. Income Taxes (continued)

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, 2023 there are no audits for any tax period pending or in progress.

14. 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, 2022, from which the summarized information was prepared.

15. Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 21, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.