

*UNITED JEWISH CHARITIES
OF
GREATER CHARLOTTE, INC.*

*FINANCIAL STATEMENTS
DECEMBER 31, 2019*

United Jewish Charities of Greater Charlotte, Inc.

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December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Jewish Charities of Greater Charlotte, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of United Jewish Charities of Greater Charlotte, Inc. ("JFGC" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of United Jewish Charities of Greater Charlotte, Inc., as of December 31, 2019 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 JFGC's 2018 financial statements, and our report dated November 9, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
November 30, 2020

United Jewish Charities of Greater Charlotte, Inc.**Statement of Financial Position****December 31, 2019, with prior year comparative totals**

	December 31,	
	2019	2018
<u>ASSETS</u>		
Cash and equivalents	\$ 3,141,300	\$ 2,770,948
Pledges Receivable:		
Campaign (net)	1,333,805	851,397
Other Receivables:		
Accounts receivable	15,573	18,468
Prepaid expenses	63,114	19,020
Investments	2,707,807	2,297,941
Equipment, net	9,288	11,147
<u>TOTAL ASSETS</u>	\$ 7,270,887	\$ 5,968,921

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and other liabilities	\$ 253,751	\$ 466,090
<u>Total Liabilities</u>	253,751	466,090
Net Assets:		
Without Donor Restrictions:		
Undesignated	3,254,440	2,145,445
Designated	1,812,538	2,020,090
<u>Total Net Assets Without Donor Restrictions</u>	5,066,978	4,165,535
With Donor Restrictions	1,950,158	1,337,296
<u>Total Net Assets</u>	7,017,136	5,502,831
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 7,270,887	\$ 5,968,921

United Jewish Charities of Greater Charlotte, Inc.**Statement of Activities****Year Ended December 31, 2019, with prior year comparative totals**

	Year Ended December 31, 2019			2018 Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<u>SUPPORT AND REVENUE</u>				
Contributions:				
Jewish Federation	\$ 62,965	\$ 5,340,990	\$ 5,403,955	\$ 2,752,198
Center for Jewish Education	512	14,152	14,664	87,570
All other programs	-	9,521	9,521	43,185
Program Revenue:				
Jewish Federation	34,157	-	34,157	69,442
Center for Jewish Education	43,378	-	43,378	48,249
Charlotte Jewish News	109,019	-	109,019	115,255
Investment income	445,169	-	445,169	(145,361)
Net Assets Released from Restrictions:				
Satisfied by time	3,753,541	(3,753,541)	-	-
Satisfied by payment	998,260	(998,260)	-	-
TOTAL	5,447,001	612,862	6,059,863	2,970,538
<u>EXPENSES</u>				
Program Services:				
Jewish Federation	3,031,558	-	3,031,558	2,836,457
Center for Jewish Education	403,413	-	403,413	400,100
Charlotte Jewish News	129,307	-	129,307	128,243
All other programs	108,172	-	108,172	90,571
Total Program Services	3,672,450	-	3,672,450	3,455,371
Management and general	305,530	-	305,530	312,080
Fundraising	567,578	-	567,578	525,389
TOTAL	4,545,558	-	4,545,558	4,292,840
CHANGE IN NET ASSETS	901,443	612,862	1,514,305	(1,322,302)
NET ASSETS, BEGINNING	4,165,535	1,337,296	5,502,831	6,825,133
NET ASSETS, ENDING	\$ 5,066,978	\$ 1,950,158	\$ 7,017,136	\$ 5,502,831

United Jewish Charities of Greater Charlotte, Inc.

Statement of Functional Expenses

Year Ended December 31, 2019, with prior year comparative totals

	Program Services				TOTALS	Management and General	Fundraising	2019 TOTALS	2018 TOTALS
	Jewish Federation	Center for Jewish Education	Charlotte Jewish News	All Other					
<u>PERSONNEL</u>									
Salaries and wages	\$ 168,008	\$ 200,487	\$ 54,108	\$ 21,243	\$ 443,846	\$ 183,974	\$ 338,532	\$ 966,352	\$ 831,203
Payroll taxes	10,731	15,054	3,130	1,352	30,267	11,666	21,553	63,486	51,627
Benefits	30,204	23,835	3,744	3,865	61,648	33,731	60,997	156,376	126,526
Total	208,943	239,376	60,982	26,460	535,761	229,371	421,082	1,186,214	1,009,356
<u>OTHER EXPENSES</u>									
Grants	2,763,028	-	-	-	2,763,028	-	-	2,763,028	2,653,042
Occupancy	4,742	45,521	2,476	711	53,450	7,113	11,143	71,706	61,093
Program costs	37,195	67,724	-	64,802	169,721	-	81,752	251,473	282,214
Outside services	-	9,898	21,912	-	31,810	13,536	-	45,346	64,402
Printing and postage	1,558	3,093	40,409	334	45,394	-	20,063	65,457	62,747
Advertising and promotion	394	3,106	-	-	3,500	3,740	4,699	11,939	11,629
Meetings and conferences	4,830	6,631	-	13,366	24,827	21,602	3,299	49,728	39,250
Supplies	5,062	16,161	2,813	1,628	25,664	14,900	11,896	52,460	56,009
Information technology	5,806	9,601	675	871	16,953	8,709	13,644	39,306	43,373
Insurance	-	443	40	-	483	5,131	-	5,614	5,703
Depreciation	-	1,859	-	-	1,859	-	-	1,859	1,858
Bank service fees	-	-	-	-	-	1,428	-	1,428	2,164
Total	2,822,615	164,037	68,325	81,712	3,136,689	76,159	146,496	3,359,344	3,283,484
TOTAL EXPENSES	\$ 3,031,558	\$ 403,413	\$ 129,307	\$ 108,172	\$ 3,672,450	\$ 305,530	\$ 567,578	\$ 4,545,558	\$ 4,292,840

United Jewish Charities of Greater Charlotte, Inc.**Statement of Cash Flows****Year Ended December 31, 2019 with prior year comparative totals**

	Year Ended December 31,	
	2019	2018
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,514,305	\$ (1,322,302)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,859	1,858
Realized and unrealized losses (gains) on investments	(417,324)	162,103
(Increase) decrease in operating assets:		
Campaign pledges receivable	(482,408)	882,905
Accounts receivable	2,895	27,291
Prepaid expenses	(44,094)	430
Increase (decrease) in operating liabilities:		
Accounts payable	(212,339)	163,897
<u>Cash Flows from Operating Activities</u>	<u>362,894</u>	<u>(83,818)</u>
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	17,029	20,000
Purchase of investments	(9,571)	(43,775)
<u>Cash Flows from Investing Activities</u>	<u>7,458</u>	<u>(23,775)</u>
CHANGE IN CASH	370,352	(107,593)
CASH AND EQUIVALENTS, BEGINNING	2,770,948	2,878,541
CASH AND EQUIVALENTS, ENDING	\$ 3,141,300	\$ 2,770,948

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Organization

United Jewish Charities of Greater Charlotte, Inc., d/b/a Jewish Federation of Greater Charlotte (JFGC) is a North Carolina not-for-profit corporation that began in 1995 and operates from its location at 5007 Providence Road, Charlotte, North Carolina. The purpose of JFGC is to benefit the Jewish community by providing centralized fundraising and distribution of resources to promote and maintain Jewish activities. JFGC is supported primarily by contributions from individuals, companies, and foundations.

Other activities

JFGC also publishes a newspaper, *Charlotte Jewish News*, and maintains the Center for Jewish Education for the benefit of the Jewish community. These activities are included in the accompanying financial statements but are not presented in a separate fund.

Beneficiary agencies and community organizations

JFGC conducts fundraising activities which benefit a variety of not-for-profit organizations which operate in the Jewish community. Amounts allocated to these charities are detailed in Note 10.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated are those currently available for use in the day-to-day operation of JFGC and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of JFGC. Such amounts are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of JFGC or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by JFGC. Donors typically permit JFGC to utilize investment earnings generated by the related assets.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Presentation

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. JFGC recognizes unconditional promises to give as support in the period the promise is received. Campaign pledges are shown as increases in net assets with donor restrictions and are then released during the year the campaign funds will be utilized. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Cash and equivalents

Cash and equivalents consist of cash on hand, cash in banks, certificates of deposit with an original maturity of 90 days or less, and money market funds.

Equipment

Equipment valued at \$500 or more is carried on the books at its original cost and depreciation expense is recorded using the straight-line method of depreciation over an estimated life of seven years.

Donated services

JFGC records donated services as contributions when the services either (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Numerous individuals volunteer their time and perform a variety of tasks that assist JFGC with program services, management, and fundraising efforts. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria. During the year, no donated services were recorded.

Federal income tax status

JFGC is exempt from Federal income tax on its exempt function income under Internal Revenue Code Section 501(c)(3). JFGC is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Use of estimates

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

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read with the JFGC's 2018 financial statements, from which the summarized information was derived. Certain amounts shown as prior-year comparative totals have been reclassified to conform to the current-year presentation.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE 3 - RECEIVABLES

Reserves

Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Pledges are presented net of an estimated reserve for bad debts of \$274,605 and are expected to be collected during 2020. JFGC's policy is to present receivables related to the 2017 and prior campaigns net of a reserve of 100 percent of the balance. Receivables related to the 2018 and 2019 campaigns are presented net of a reserve calculated based on historical collectability of each individual account. All other accounts receivable are presented at net realizable value with no bad debt allowance.

NOTE 4 - INVESTMENTS

Investments

Investments are reported at fair value. Investments consist of the following as of December 31, 2019:

Foundation for the Carolinas:

Beneficial interest in pooled investment funds	\$ 2,682,807
State of Israel bonds	25,000
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TOTAL INVESTMENTS	\$ 2,707,807

Fair value measurements

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation for the Carolinas (FFTC) funds are classified as Level 3 assets and are valued by FFTC based on the value of the underlying assets, which consist of some assets which are publicly traded and others which are not. The State of Israel bonds are classified as Level 3 assets and are valued at face value. The following table sets forth a summary of changes in the fair value of JFGC's level 3 assets for the year ended December 31, 2019.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Balance, beginning of year	\$ 2,297,941
Net increase in value	417,324
Purchases of investments	9,571
Sales of investments	(17,029)
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BALANCE, END OF YEAR	\$ 2,707,807

Endowment policies

Endowment investments are managed by Foundation for the Carolinas, who has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

JFGC may request distributions of investment income, but the Board of Directors of FFTC has complete discretion as to the timing and amounts of distributions from these funds. However, all funds are ultimately repayable to JFGC and FFTC has no variance power to distribute any portion of these funds to another not-for-profit entity. In accordance with U.S. generally accepted accounting principles, these assets and the related investment income are included in the accompanying financial statements.

NOTE 5 - NET ASSETS

Designated

Board designated net assets without donor restrictions as of December 31, 2019, have been reserved to be used for the following purposes:

Perpetual fund	\$ 1,300,072
Community contingency fund	375,329
Board discretionary fund	78,041
Levine-Sklut Judaic Library	23,529
Judaic Resource Center endowment	35,567
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TOTAL BOARD DESIGNATED	\$ 1,812,538

United Jewish Charities of Greater Charlotte, Inc.**Notes to Financial Statements****December 31, 2019**

Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2019, were restricted to be used for the following purposes:

Temporarily Restricted Net Assets:

Time Restricted – Campaign funds		\$	1,390,668
Purpose Restricted:			
P2G Charlotte	\$	23,138	
Human Capital Campaign		87,892	
Missions		11,649	
PJ Library		78,836	
Barbara B. Levin Lion of Judah earnings		13,451	
All other, no fund greater than \$10,000		74,866	289,832
<u> Total Temporarily Restricted Net Assets</u>			<u>1,680,500</u>

Permanently Restricted Net Assets:

Florence Jaffa		106,896
Library Endowment campaign		133,096
Barbara B. Levin Lion of Judah		24,891
Anita I. Rounds Lion of Judah		4,775
<u> Total Permanently Restricted Net Assets</u>		<u>269,658</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$	1,950,158
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NOTE 6 - LEASESOperating lease - offices

JFGC leases its facilities from the Foundation of Shalom Park, Inc., an affiliated organization, under an agreement which expires in 2046 but may be terminated effective December 31, 2036. Annual rents are determined based on the projected operating expenses of the facilities. Rent payments made during the current year and payable during the year 2020 are as follows:

	<u>2019</u>	<u>2020</u>
JFGC	\$ 16,822	\$ 27,252
Judaic Resource Center	27,411	31,605
Charlotte Jewish News	729	678
<u>TOTAL OPERATING LEASES - OFFICES</u>	<u>\$ 44,962</u>	<u>\$ 59,535</u>

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE 7 - FUNCTIONAL EXPENSES

JFGC's activities are focused in three functional areas. Program services represent the primary focus of JFGC's activities. Supporting services are fundraising activities and general and administrative activities. The major expenses that are allocated include personnel, occupancy, and supplies. Personnel expenses are allocated based on an estimate of time and effort. Occupancy costs are allocated based on estimated square footage. Supplies are allocated based on management's estimate of usage. All other expenses are allocated to program services, management and general, and fundraising based on an analysis by management of the various costs that compose those expenses.

NOTE 8 - RETIREMENT PLAN

JFGC maintains a retirement plan, as described in Internal Revenue Code Section 401(k), for the benefit of its employees. Employees can make pretax contributions to the plan up to limits established by the Internal Revenue Service. JFGC can make matching or discretionary non-elective contributions on behalf of its employees. For the fiscal year ended December 31, 2019, JFGC made discretionary contributions of five percent of pay and totaled \$32,615 for the year.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

JFGC has \$6,830,169 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$3,141,300, pledges and other receivables of \$1,349,378, which are expected to be collected during the year ending December 31, 2020, and investments of \$2,339,491, which consists of the spendable portion of the FFTC accounts and the FFTC accounts that are not donor restricted. Of this total \$289,832 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The JFGC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,125,000. The JFGC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the JFGC invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE 10 - ALLOCATIONS

JFGC allocated \$2,763,028 to beneficiary agencies and community organizations that operate in the Jewish community during the year 2019 as follows:

Jewish Federations of North America	\$	864,644
Foundation of Shalom Park		437,863
Jewish Family Services		301,000
Sandra and Leon Levine Jewish Community Center of Charlotte, Inc.		295,000
Charlotte Jewish Day School		175,000
Birthright Israel Foundation		160,500
North Carolina Hillel		56,000
Charlotte Jewish Preschool		44,000
American Jewish World Service		50,000
Community Refugee Initiative		22,000
Hebrew Cemetery Association		31,000
Consolidated High School of Jewish Studies		29,000
Friendship Circle		38,500
North Carolina Holocaust Foundation		27,000
Jewish Preschool on Sardis		23,500
Butterfly Project		10,000
Charlotte Jewish Film Festival		10,000
Moishe House		24,786
Jewish Council of Lake Norman		19,000
B'nai B'rith Youth Organization		15,500
Shalom Park Freedom School		15,000
Ballantyne Jewish Center		18,000
Uptown Chabad		13,500
Other allocations, not exceeding \$10,000		82,235
TOTAL	\$	<u>2,763,028</u>

NOTE 11 – CONCENTRATIONS OF RISK

Cash

JFGC regularly maintains cash balances at financial institutions in excess of FDIC and SIPC insured limits. At December 31, 2019, the uninsured balance of cash was \$2,684,481. However, management believes that the risk related to the accounts is minimal because of the strong credit rating of the financial institutions.

Investments

JFGC invests in a variety of investments, which are subject to fluctuations in market values and expose JFGC to a certain degree of investment risk.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Support

During 2019, 39 percent of JFGC's contributions were provided by four donors. This represents a significant concentration of risk that operations could be affected if one or more of these donors discontinued or reduced their support.

Geographic area

JFGC operates in a small geographic area and is therefore sensitive to changes in the local economy.

NOTE 12 - SUBSEQUENT EVENTS

JFGC has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements are available to be issued. During this period, the COVID-19 pandemic has caused operations to be disrupted. At this point, the direct impact of this pandemic is unknown however, in April 2020, JFCG did secure a Paycheck Protection Program ("PPP") loan from the U.S. Small Business Administration for \$197,085 to help mitigate uncertainty. JFGC's intention is to meet the requirements of the PPP loan to have the full amount forgiven.