

*UNITED JEWISH CHARITIES
OF
GREATER CHARLOTTE, INC.*

*FINANCIAL STATEMENTS
DECEMBER 31, 2020*

United Jewish Charities of Greater Charlotte, Inc.

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December 31, 2020

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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. (the "Federation" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, 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, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Federation's 2019 financial statements, and our report dated November 30, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
July 7, 2021

United Jewish Charities of Greater Charlotte, Inc.**Statement of Financial Position****December 31, 2020, with prior year comparative totals**

	December 31,	
	2020	2019
<u>ASSETS</u>		
Cash and equivalents	\$ 3,663,051	\$ 3,141,300
Pledges Receivable:		
Campaign (net)	963,187	1,333,805
Other Receivables:		
Accounts receivable	24,102	15,573
Prepaid expenses	71,779	63,114
Investments	2,989,508	2,707,807
Equipment, net	7,431	9,288
<u>TOTAL ASSETS</u>	\$ 7,719,058	\$ 7,270,887

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and other liabilities	\$ 180,488	\$ 253,751
<u>Total Liabilities</u>	180,488	253,751
Net Assets:		
Without Donor Restrictions:		
Undesignated	3,745,572	2,641,578
Designated	1,945,266	1,812,538
<u>Total Net Assets Without Donor Restrictions</u>	5,690,838	4,454,116
With Donor Restrictions	1,847,732	2,563,020
<u>Total Net Assets</u>	7,538,570	7,017,136
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 7,719,058	\$ 7,270,887

United Jewish Charities of Greater Charlotte, Inc.

Statement of Activities

Year Ended December 31, 2020, with prior year comparative totals

	Year Ended December 31, 2020			2019 Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<i><u>SUPPORT AND REVENUE</u></i>				
Contributions:				
Jewish Federation	\$ 6,510	\$ 4,651,854	\$ 4,658,364	\$ 5,403,955
Center for Jewish Education	-	14,616	14,616	14,664
All other programs	-	-	-	9,521
Paycheck Protection Program	197,085	-	197,085	-
Program Revenue:				
Jewish Federation	28,502	-	28,502	34,157
Center for Jewish Education	26,869	-	26,869	43,378
Charlotte Jewish News	92,246	-	92,246	109,019
Investment income	313,635	-	313,635	445,169
Net Assets Released from Restrictions:				
Satisfied by time	4,625,129	(4,625,129)	-	-
Satisfied by payment	143,767	(143,767)	-	-
<i>TOTAL</i>	<i>5,433,743</i>	<i>(102,426)</i>	<i>5,331,317</i>	<i>6,059,863</i>
<i><u>EXPENSES</u></i>				
Program Services:				
Jewish Federation	3,327,221	-	3,327,221	3,031,558
Center for Jewish Education	440,856	-	440,856	403,413
Charlotte Jewish News	124,555	-	124,555	129,307
All other programs	63,340	-	63,340	108,172
Total Program Services	3,955,972	-	3,955,972	3,672,450
Management and general	279,388	-	279,388	305,530
Fundraising	574,523	-	574,523	567,578
<i>TOTAL</i>	<i>4,809,883</i>	<i>-</i>	<i>4,809,883</i>	<i>4,545,558</i>
<i>CHANGE IN NET ASSETS</i>	<i>623,860</i>	<i>(102,426)</i>	<i>521,434</i>	<i>1,514,305</i>
<i>NET ASSETS, BEGINNING</i>	<i>5,066,978</i>	<i>1,950,158</i>	<i>7,017,136</i>	<i>5,502,831</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 5,690,838</i>	<i>\$ 1,847,732</i>	<i>\$ 7,538,570</i>	<i>\$ 7,017,136</i>

United Jewish Charities of Greater Charlotte, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020, with prior year comparative totals

	Program Services				TOTALS	Management and General	Fundraising	2020 TOTALS	2019 TOTALS
	Jewish Federation	Center for Jewish Education	Charlotte Jewish News	All Other					
<u>PERSONNEL</u>									
Salaries and wages	\$ 176,013	\$ 222,547	\$ 54,642	\$ 21,938	\$ 475,140	\$ 174,697	\$ 352,646	\$ 1,002,483	\$ 966,352
Payroll taxes	8,662	25,983	4,776	1,076	40,497	8,526	17,306	66,329	63,486
Benefits	27,866	37,001	2,708	3,464	71,039	27,565	55,794	154,398	156,376
Total	212,541	285,531	62,126	26,478	586,676	210,788	425,746	1,223,210	1,186,214
<u>OTHER EXPENSES</u>									
Grants	3,085,005	-	-	-	3,085,005	-	-	3,085,005	2,763,028
Occupancy	6,126	49,723	2,961	919	59,729	9,188	14,394	83,311	71,706
Program costs	8,592	64,099	-	23,763	96,454	-	68,227	164,681	251,473
Outside services	-	1,819	21,829	-	23,648	23,174	16,125	62,947	45,346
Printing and postage	854	1,154	35,674	39	37,721	-	13,613	51,334	65,457
Advertising and promotion	79	1,013	-	-	1,092	759	4,662	6,513	11,939
Meetings and conferences	428	9,214	-	120	9,762	5,483	4,162	19,407	49,728
Supplies	7,279	15,407	1,173	954	24,813	13,741	12,749	51,303	52,460
Information technology	6,317	10,534	750	11,067	28,668	9,476	14,845	52,989	39,306
Insurance	-	504	42	-	546	5,105	-	5,651	5,614
Depreciation	-	1,858	-	-	1,858	-	-	1,858	1,859
Bank service fees	-	-	-	-	-	1,674	-	1,674	1,428
Total	3,114,680	155,325	62,429	36,862	3,369,296	68,600	148,777	3,586,673	3,359,344
TOTAL EXPENSES	\$ 3,327,221	\$ 440,856	\$ 124,555	\$ 63,340	\$ 3,955,972	\$ 279,388	\$ 574,523	\$ 4,809,883	\$ 4,545,558

United Jewish Charities of Greater Charlotte, Inc.**Statement of Cash Flows****Year Ended December 31, 2020 with prior year comparative totals**

	Year Ended December 31,	
	2020	2019
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 521,434	\$ 1,514,305
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,857	1,859
Realized and unrealized losses (gains) on investments	(290,418)	(417,324)
(Increase) decrease in operating assets:		
Campaign pledges receivable	370,618	(482,408)
Accounts receivable	(8,529)	2,895
Prepaid expenses	(8,665)	(44,094)
Increase (decrease) in operating liabilities:		
Accounts payable	(73,263)	(212,339)
<i>Cash Flows from Operating Activities</i>	<i>513,034</i>	<i>362,894</i>
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	10,196	17,029
Purchase of investments	(1,479)	(9,571)
<i>Cash Flows from Investing Activities</i>	<i>8,717</i>	<i>7,458</i>
<i>CHANGE IN CASH</i>	<i>521,751</i>	<i>370,352</i>
<i>CASH AND EQUIVALENTS, BEGINNING</i>	<i>3,141,300</i>	<i>2,770,948</i>
<i>CASH AND EQUIVALENTS, ENDING</i>	<i>\$ 3,663,051</i>	<i>\$ 3,141,300</i>

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

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 to benefit 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 11.

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 consists of net assets that may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of JFGC or passage of time and net assets held in perpetuity, which 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. When a 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 statement of activities as net assets released from restrictions.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

Presentation

Revenues are reported as increases in net assets without donor restrictions 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.

Revenue recognition

During the year ended December 31, 2020, JFGC adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" ("Topic 606"). The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of Topic 606 had no impact on the accompanying financials.

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 and goods

Donated services are reported as contributions when the services (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. Donated equipment or materials, if significant, are included in support at fair value. During the year, JFGC recorded no contributed services, materials, and equipment. In addition, many individuals volunteer their time and perform a variety of tasks that assist JFGC with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions as the contributions are either insignificant or do not meet the criteria for recognition.

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.

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 JFGC's 2019 financial statements, from which the summarized information was derived.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

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.

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 \$240,293 and are expected to be collected during 2021. JFGC's policy is to present receivables related to the 2019 and prior campaigns net of a reserve of 100 percent of the balance. Receivables related to the 2020 and 2021 campaigns are presented net of a reserve calculated based on the 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, 2020:

Foundation for the Carolinas (FFTC):	
Beneficial interest in pooled investment funds	\$ 2,964,508
State of Israel bonds	25,000
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TOTAL INVESTMENTS	\$ 2,989,508

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.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

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:

Balance, beginning of year	\$ 2,707,807
Net increase in value	290,418
Purchases of investments	1,479
Sales of investments	(10,196)
<hr/>	
BALANCE, END OF YEAR	\$ 2,989,508

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, 2020, have been reserved to be used for the following purposes:

Perpetual fund	\$ 1,421,841
Community contingency fund	394,212
Board discretionary fund	65,123
Judaic Resource Center endowment	46,087
Levine-Sklut Judaic Library	18,003
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TOTAL BOARD DESIGNATED	\$ 1,945,266

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2020, were restricted to be used for the following purposes:

Subject to restrictions that are temporary in nature:

Time restricted – Campaign funds	\$	1,312,857	
Time restricted – Human Capital Campaign		73,271	
P2G Charlotte		26,190	
JCRC Speaker		25,690	
Missions		21,649	
All other, no fund greater than \$20,000		118,417	\$ 1,578,074

Held in perpetuity:

Florence Jaffa		106,896	
Library Endowment		133,096	
Barbara B. Levin Lion of Judah		24,891	
Anita I. Rounds Lion of Judah		4,775	269,658
TOTAL NET ASSETS WITH DONOR RESTRICTIONS			\$ 1,847,732

NOTE 6 - LEASES

Operating 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 2021 are as follows:

	2020	2021
JFGC	\$ 12,643	\$ 14,256
Judaic Resource Center	22,717	23,772
Charlotte Jewish News	460	-
TOTAL OPERATING LEASES - OFFICES	\$ 35,820	\$ 38,028

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.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

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, 2020, JFGC made discretionary contributions of five percent of pay, which totaled \$38,106 for the year.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

JFGC has \$7,339,894 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$3,663,051, pledges and other receivables of \$987,289, which are expected to be collected during the year ending December 31, 2021, and investments of \$2,689,554, which consists of the spendable portion of the FFTC accounts and the FFTC accounts that are not donor restricted. Of this total, \$191,946 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 \$1,200,000. 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.

NOTE 10 – CONCENTRATIONS OF RISK

Cash

JFGC regularly maintains cash balances at financial institutions in excess of FDIC insured limits. At December 31, 2020, the uninsured balance of cash was \$3,222,755. 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.

Support

During 2020, 27 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.

United Jewish Charities of Greater Charlotte, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 11 - ALLOCATIONS

JFGC allocated \$3,083,894 to beneficiary agencies and community organizations that operate in the Jewish community during the year 2020 as follows:

Jewish Federations of North America	\$ 907,610
Foundation of Shalom Park	547,369
Sandra and Leon Levine Jewish Community Center of Charlotte, Inc.	407,000
Jewish Family Services	324,600
Charlotte Jewish Day School	212,000
North Carolina Hillel	67,500
Friendship Circle	65,500
Jewish Preschool on Sardis	54,500
Hand in Hand: Center for Jewish-Arab Education	50,000
Charlotte Jewish Preschool	45,000
Temple Kol Tikvah	35,750
Hebrew Cemetery Association	32,000
Consolidated High School of Jewish Studies	29,000
North Carolina Council on the Holocaust	28,000
Temple Beth El	26,500
Moishe House	24,500
Shalom Park Freedom School	20,215
Jewish Council of Lake Norman	20,000
Ballantyne Jewish Center	18,600
B'nai B'rith Youth Organization	17,000
Other allocations, not exceeding \$15,000	<u>151,250</u>
TOTAL	<u>\$ 3,083,894</u>

NOTE 12 - UNCERTAINTIES

The COVID-19 pandemic has resulted in major changes in the local economy. At this point, the full impact of this pandemic on JFGC is unknown, but management believes that it will negatively impact its support and revenue for the foreseeable future. In order to mitigate the effect of the COVID-19 pandemic, JFGC received a Paycheck Protection Program "PPP" loan for \$197,085 from the Small Business Administration "SBA" during the year. Subsequent to year-end, JFGC was notified that the loan was forgiven in full and the total amount received was recorded as revenue in 2020 in accordance with generally accepted accounting principles. This source of funding is not expected to be a recurring source of income for JFGC.

NOTE 13 - 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, no material recognizable subsequent events were identified.