

**JEWISH FEDERATION OF GREATER
NAPLES, INC.**

FINANCIAL STATEMENTS

**YEARS ENDED
JUNE 30, 2020 AND 2019**

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INTEGRITY.....KNOWLEDGE.....SERVICE.....COMMITMENT®

Independent Auditor's Report

Board of Directors
Jewish Federation of Greater Naples, Inc.
Naples, Florida

We have audited the accompanying financial statements of Jewish Federation of Greater Naples, Inc. (a nonprofit organization, the "Organization") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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

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Jewish Federation of Greater Naples, Inc.

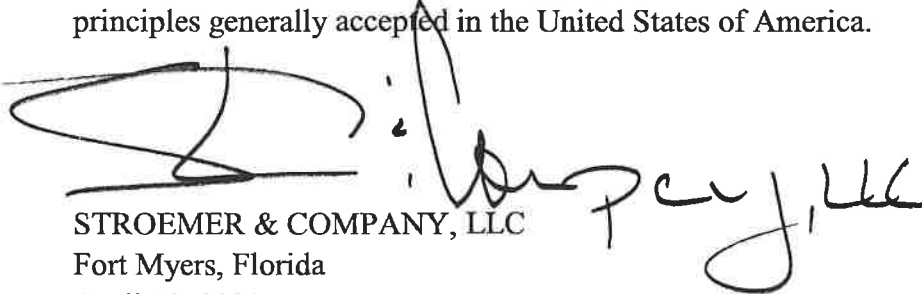
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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 above present fairly, in all material respects, the financial position of Jewish Federation of Greater Naples, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", is written over the printed name of the firm. The signature is stylized and cursive.

STROEMER & COMPANY, LLC

Fort Myers, Florida

April 13, 2021

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 684,377	\$ 672,327
Investments	21,500	15,500
Beneficial interest in assets held by others	1,868,597	1,549,166
Pledges receivable - short term	267,551	208,642
Other receivables	16,445	6,981
TOTAL CURRENT ASSETS	2,858,470	2,452,616
PLEDGES RECEIVABLE - LONG TERM	1,026,467	14,000
PROPERTY AND EQUIPMENT, NET	412,005	192,829
OTHER ASSETS	26,896	40,901
TOTAL ASSETS	<u>\$ 4,323,838</u>	<u>\$ 2,700,346</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 468,558	\$ 470,400
Accrued expenses	5,809	5,809
Deferred revenue	142,042	180,625
Refundable advance	120,530	-
TOTAL CURRENT LIABILITIES	736,939	656,834
CHARITABLE GIFT ANNUITIES PAYABLE	100,000	-
TOTAL LIABILITIES	836,939	656,834
NET ASSETS		
Net assets without donor restrictions	2,628,809	2,043,512
Net assets with donor restrictions	858,090	-
TOTAL NET ASSETS	<u>3,486,899</u>	<u>2,043,512</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,323,838</u>	<u>\$ 2,700,346</u>

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

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	2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 1,511,097	\$ -	\$ 1,511,097
Special events revenue, net of direct donor benefit	606,229	-	606,229
Advertising revenue	124,254	-	124,254
Investment revenue	82,267	-	82,267
TOTAL OPERATING SUPPORT AND REVENUE	2,323,847	-	2,323,847
EXPENSES			
Program services	1,688,667	-	1,688,667
Supporting services	196,527	-	196,527
Fundraising expenses	387,389	-	387,389
TOTAL EXPENSES	2,272,583	-	2,272,583
CAPITAL CAMPAIGN SUPPORT AND REVENUE			
Capital campaign contributions	-	1,392,123	1,392,123
TOTAL CAPITAL CAMPAIGN SUPPORT AND REVENUE	-	1,392,123	1,392,123
NET ASSETS RELEASED FROM RESTRICTIONS	534,033	(534,033)	-
CHANGE IN NET ASSETS	585,297	858,090	1,443,387
NET ASSETS, beginning of year	2,043,512	-	2,043,512
NET ASSETS, end of year	\$ 2,628,809	\$ 858,090	\$ 3,486,899

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

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	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,468,309	\$ -	\$ 1,468,309
Special events revenue, net of direct donor benefit	538,685	-	538,685
Advertising revenue	106,279	-	106,279
Investment revenue	80,458	-	80,458
TOTAL SUPPORT AND REVENUE	2,193,731	-	2,193,731
NET ASSETS RELEASED FROM RESTRICTIONS	-	-	-
EXPENSES			
Program services	1,630,466	-	1,630,466
Supporting services	183,283	-	183,283
Fundraising expenses	374,304	-	374,304
TOTAL EXPENSES	2,188,053	-	2,188,053
CHANGE IN NET ASSETS	5,678	-	5,678
NET ASSETS, beginning of year	2,037,834	-	2,037,834
NET ASSETS, end of year	<u>\$ 2,043,512</u>	<u>\$ -</u>	<u>\$ 2,043,512</u>

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

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	2020			
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Expenses				
Grants and scholarships	\$ 689,342	\$ -	\$ -	\$ 689,342
Salaries	278,487	98,631	203,063	580,181
Other event expenses	223,354	-	22,090	245,444
Facility and catering	130,752	-	14,528	145,280
Advertising	133,617	6,074	12,147	151,838
Employee benefits	56,217	20,334	43,059	119,610
Occupancy	64,163	16,041	26,734	106,938
Professional fees	19,235	30,634	21,373	71,242
Speaker and entertainment	13,535	868	2,949	17,352
Payroll taxes	19,670	6,966	14,343	40,979
Office supplies	16,799	8,552	5,192	30,543
Printing	20,877	-	12,795	33,672
Repairs and maintenance	5,956	1,312	2,827	10,095
Postage	3,803	282	2,958	7,043
Telephone	5,198	1,155	1,897	8,250
Depreciation	-	5,620	-	5,620
Dues and subscriptions	683	58	92	833
Supplies	86	-	1,342	1,428
Travel	6,893	-	-	6,893
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,688,667</u>	<u>\$ 196,527</u>	<u>\$ 387,389</u>	<u>\$ 2,272,583</u>

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

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	2019			
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Expenses				
Grants and scholarships	\$ 647,620	\$ -	\$ -	\$ 647,620
Salaries	249,712	87,203	187,187	524,102
Other event expenses	219,258	15	21,296	240,569
Facility and catering	127,492	-	14,945	142,437
Advertising	137,139	6,680	12,821	156,640
Employee benefits	54,621	19,754	42,671	117,046
Occupancy	58,268	14,567	24,279	97,114
Professional fees	16,438	26,178	18,011	60,627
Speaker and entertainment	40,639	2,432	9,108	52,179
Payroll taxes	17,804	6,216	13,363	37,383
Office supplies	19,650	10,170	5,975	35,795
Printing	17,746	10	10,933	28,689
Repairs and maintenance	12,824	2,808	6,270	21,902
Postage	4,826	315	3,764	8,905
Telephone	5,245	1,139	1,898	8,282
Depreciation	-	5,636	-	5,636
Dues and subscriptions	1,802	144	240	2,186
Supplies	105	-	1,543	1,648
Travel	(723)	16	-	(707)
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,630,466</u>	<u>\$ 183,283</u>	<u>\$ 374,304</u>	<u>\$ 2,188,053</u>

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 1,522,380	\$ 1,605,348
Cash received from special events	567,646	599,737
Cash received from advertising	124,254	106,279
Interest income received	35,465	35,071
Cash paid to suppliers and employees	<u>(1,994,270)</u>	<u>(2,133,418)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	255,475	213,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(224,796)	(186,680)
Purchases of beneficial interest in assets held by others	(12,629)	(212,289)
Purchases of investments	(6,000)	(5,500)
Proceeds from the redemption of certificates of deposits	<u>-</u>	<u>352,011</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(243,425)	(52,458)
CASH FLOW FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	12,050	160,559
Cash and cash equivalents, at beginning of year	<u>672,327</u>	<u>511,768</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 684,377</u>	<u>\$ 672,327</u>
SUPPLEMENTAL DISCLOSURE OF NON CASH OPERATING ACTIVITIES		
Contribution of Charitable Gift Annuities	<u>\$ 300,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

JEWISH FEDERATION OF GREATER NAPLES, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Years ended June 30, 2020 and 2019

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**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2020</u>	<u>2019</u>
Change in net assets	\$ 1,443,387	\$ 5,678
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,620	5,636
Charitable gift annuities	(300,000)	-
Unrealized gains	(47,636)	(42,772)
Realized losses (gains)	834	(2,615)
(Increase) decrease in assets:		
Pledges receivable	(1,071,376)	130,492
Other receivables	(9,464)	(6,590)
Prepaid expenses	-	8,771
Other assets	14,005	(4,820)
Increase (decrease) in liabilities:		
Accounts payable	138,158	90,615
Accrued expenses	-	(5,614)
Deferred revenue	(38,583)	34,236
Refundable advance	<u>120,530</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 255,475</u>	<u>\$ 213,017</u>

The accompanying notes are an integral part of this statement

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Jewish Federation of Greater Naples, Inc., (the "Organization") is a nonprofit corporation founded in 1981 to enhance and enrich the quality of Jewish life by recognizing and supporting the charitable, educational, humanitarian and social service needs of the Jewish community locally, nationally, overseas and in the State of Israel.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Organization reports its financial statements in accordance with the "Not-For-Profit Entities" topics of the FASB ASC. This topic requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

The Organization accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Organization maintains accounts at financial institutions in bank deposits which, at times, may exceed federally-insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, or when the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

When both net assets without donor restrictions and net assets with donor restrictions are available for use, it is the Organization's policy to first apply the net assets with donor restrictions resources, followed by the use of net assets with donor restrictions resources.

Property and equipment

Property and equipment is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as net assets with donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions support. Absent donor stipulations, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions.

Depreciation is computed using the straight-line method over the estimated useful lives of five (5) to ten (10) years for furniture, fixtures, equipment and improvements. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is credited or charged to the change in net assets.

Impairment of long-lived assets

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the years ended June 30, 2020 and 2019.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional expenses

The Organization allocates its expenses on a functional basis by cost center among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Substantially all the supporting services expenses incurred by the Organization directly benefit the programs.

Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Organization follows the "Income Taxes" topic of the FASB ASC in accounting for uncertain tax positions. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Promises to give

Conditional promises to give are not recognized by the Organization until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measure as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included as contribution revenue.

Pledges and other receivables

Pledges and other receivables are stated at the amounts that management expects to be collected from donors and other Organizations. Management assesses the current status of

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pledges and other receivables, continued

the receivables and determines if any amounts are uncollectible. Once determined, management provides an estimate for an allowance for doubtful accounts.

Other assets

Other assets consists of prepaid fees and deposits paid by the Organization for future events, campaigns and programs that will become expenses more than one year subsequent to the Organization's year end. The amount of other assets as of June 30, 2020 and 2019 was \$26,896 and \$40,901, respectively.

Deferred revenue

Deferred revenue consists of fees and donations prepaid for future events, campaigns and programs that will become earned revenue subsequent to the Organization's year end. The amount of deferred revenue as of June 30, 2020 and 2019 was \$142,042 and \$180,625, respectively.

Advertising costs

It is the policy of the Organization to expense advertising costs when incurred. Advertising costs for the years ended June 30, 2020 and 2019, were \$151,838 and \$156,640, respectively.

In kind contributions, donated materials and services

In kind contributions are recorded as contributions at their estimated current value at the date of the contribution.

A number of volunteers, including the Board of Trustees, donate significant amounts of their time and expertise to the Organization and its programs. No amounts have been recorded for donated services inasmuch as no objective basis is available to measure the value of such services and/or such volunteer hours do not meet the criteria required to record such amounts under the "Not-For-Profit Entities" topic of the FASB ASC.

Investments

The Organization accounts for investments in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, continued

securities is based on quoted market prices. The realized and unrealized gain and loss on investments is reflected in the statement of activities.

Fair value of financial instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, investments, beneficial interest in assets held by others, receivables, deposits, payables, accruals, deferred revenue, and advances.

The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Management estimates

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending June 30, 2020 and 2019:

Special Event Revenue - The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

Advertising Revenue - The Organization has a monthly newspaper, The Federation Star, in which advertising revenue is generated. The advertising fees are set by the Organization. The Organization recognizes revenues from advertising as the Organization's obligation for the advertising services are satisfied. This is generally at a point in time as the advertising services are provided.

Revenue from Non-Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its statements of activities for the years ending June 30, 2020 and 2019:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

Contributions - Revenue from contributions is recognized at the time the contribution is made.

Recently issued accounting standards

As of July 1, 2019, the Organization adopted the provisions of FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending June 30, 2020 and 2019 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively with no effect on net assets or previously issued financial statements.

The Organization also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standards update is meant to assist not-for-profit entities in evaluating whether transactions should be accounted for as non-exchange transactions (contributions) or as exchange contributions. Further, the standard clarifies how organizations determine whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value, the transaction is considered an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the resource provider, the transfer is considered a non-exchange transaction and is treated as a contribution. ASU 2018-08 makes it clear that the value received by the general public is not considered commensurate value received by the resource provider. Results for the years ending June 30, 2020 and 2019 are presented under FASB ASU 2018-08. There was no material impact to the June 30, 2020 and 2019 financial statements as a result of adoption.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 684,377	\$ 672,327
Investments	21,500	15,500
Beneficial interest in assets held by others	1,868,597	1,549,166

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, CONTINUED

	2020	2019
Pledges receivable - short term	\$ 267,551	\$ 208,642
Other receivables	16,445	6,981
Less: amounts restricted for specific use	(858,090)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,000,380</u>	<u>\$ 2,452,616</u>

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE C - INVESTMENTS

Investments consists of the following at June 30, 2020 and 2019:

	2020		2019	
	Cost	Fair value	Cost	Fair value
Israeli bonds	<u>\$ 21,500</u>	<u>\$ 21,500</u>	<u>\$ 15,500</u>	<u>\$ 15,500</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 35,465	\$ 35,071
Unrealized gains	47,636	42,772
Realized gains (losses)	(834)	2,615
Total investment return	<u>\$ 82,267</u>	<u>\$ 80,458</u>

NOTE D - BENEFICIAL INTEREST IN ASSET HELD BY OTHERS

TOP Jewish Foundation (the "Foundation") maintains agency endowment funds (the "Funds") in the name of the Organization. The Foundation holds variance powers over the funds and are held for the benefit of the Organization. During the years ended June 30, 2020 and 2019, contributions, accumulated interest, market fluctuations, fees and distributions from the funds have resulted in net changes totaling \$319,431 and

NOTE D - BENEFICIAL INTEREST IN ASSET HELD BY OTHERS, CONTINUED

\$257,676, respectively. As of June 30, 2020 and 2019, the balance of the funds were \$1,868,597 and \$1,549,166, respectively.

NOTE E - PLEDGES RECEIVABLE

Promises to give consists of the following at June 30, 2020 and 2019:

	2020	2019
Due in one year or less	\$ 267,551	\$ 208,642
Due in one year or more	1,026,467	14,000
	<u>\$ 1,294,018</u>	<u>\$ 222,642</u>

Pledges receivable are considered by management to be fully collectible.

NOTE F - CHARITABLE GIFT ANNUITIES

The Organization received two charitable gift annuities during the year ended June 30, 2020. The first charitable gift annuity was in the amount of \$100,000 and is payable in semiannual installments of \$6,000 over the life of the annuity. The second charitable gift annuity was in the amount of \$200,000 and is payable in semiannual installments of \$14,000 over the life of the annuity. The remaining asset balance of both of the charitable gift annuities as of June 30, 2020 and 2019 was \$259,949 and \$0, respectively and is included in beneficial interest in assets held by others on the statements of financial position.

NOTE G - PROPERTY AND EQUIPMENT, NET

Property and equipment consists the following at June 30, 2020 and 2019:

	2020	2019
Construction in progress	\$ 403,920	\$ 179,124
Leasehold improvements	131,780	131,780
Furniture and fixtures	99,040	99,040
Computers and equipment	47,623	47,623
	682,363	457,567
Less accumulated depreciation	(270,358)	(264,738)
	<u>\$ 412,005</u>	<u>\$ 192,829</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$5,620 and \$5,636, respectively.

NOTE H - CONSTRUCTION IN PROGRESS

In furtherance of its mission, the Organization has initiated an endeavor that will provide enhanced facilities for the effective development, presentation and administration of its programs. Financial feasibility for this project has been studied, and provisions for long-term land lease have been negotiated which will ultimately provide for the construction of a multi-purpose building to be used solely by the Organization. The Organization has developed the framework for a capital fundraising campaign, the inception of which began during the year ending June 30, 2020.

Certain "soft" costs with this project which were incurred and paid during the years ended June 30, 2020 and 2019 have been capitalized as follows:

	<u>2020</u>	<u>2019</u>
Construction in progress	\$ 403,920	\$ 179,124

As of June 30, 2020 and 2019, no obligations related to this project, beyond those that were paid and capitalized, were incurred that would require the recognition of additional liabilities by the Organization.

NOTE I - REFUNDABLE ADVANCE

As a result of the Covid-19 pandemic, the Organization applied for a forgivable loan under the Paycheck Protection Program (PPP) through the U.S. Small Business Administration. The Organization received \$120,530 in April, 2020 from the PPP. Management believes that the Organization will meet the loan forgiveness criteria and as such has recorded the transaction as a conditional contribution in accordance with ASC Subtopic 958-605. Under this Subtopic, the initial transaction is recorded as a refundable advance, on the statements of financial position, until the condition of forgiveness is achieved at which time it will become a contribution to the Organization on the statements of activities.

NOTE J - NET ASSETS

Net assets consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
Undesignated	\$ 2,628,809	\$ 2,043,512
With donor restrictions:		
Capital campaign	\$ 858,090	\$ -

NOTE K - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions for the years ended June 30, 2020 and 2019 were:

	2020	2019
Expenditure for specific purpose accomplished:	\$ 534,033	\$ -

NOTE L - SPECIAL EVENT REVENUE

Gross receipts from special events recorded by the Organization consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization separately presented the components of this revenue for the years ended June 30, 2020 and 2019 as follows:

	2020	2019
Contributions	\$ 606,229	\$ 538,685
Special event revenue	8,606	26,816
Special event revenue - gross	\$ 614,835	\$ 565,501

NOTE M - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access

NOTE M - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2 - Inputs to the valuation methodology include:

- * Quoted prices for similar assets or liabilities in active markets
- * Quoted prices for identical or similar assets or liabilities in inactive markets
- * Inputs other than quoted prices that are observable for the asset or liability
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used at June 30, 2020 and 2019:

Bonds - These investments are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond value is valued under a discounted cash flows approach that maximizes observable inputs.

Beneficial interest in assets held by others - These investments are held by others of which the Organization has not authority or control over. As such, these investments are classified within level 3 of the valuation hierarchy.

Charitable Gift Annuities - These investments are held by others of which the Organization has not authority or control over. As such, these investments are classified within level 3 of the valuation hierarchy.

NOTE M - FAIR VALUE MEASUREMENTS, CONTINUED

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020 and 2019. The Organization had no financial liabilities as of June 30, 2020 and 2019.

Assets at Fair Value as of June 30, 2020				
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets				
held by others	\$ -	\$ -	\$ 1,868,597	\$ 1,868,597
Bonds	21,500	-	-	21,500
	<u>\$ 21,500</u>	<u>\$ -</u>	<u>\$ 1,868,597</u>	<u>\$ 1,890,097</u>
Assets at Fair Value as of June 30, 2019				
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets				
held by others	\$ -	\$ -	\$ 1,549,166	\$ 1,549,166
Bonds	15,500	-	-	15,500
	<u>\$ 15,500</u>	<u>\$ -</u>	<u>\$ 1,549,166</u>	<u>\$ 1,564,666</u>

The following tables reconcile the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) of the beneficial interest in assets held by others for the years ended June 30, 2020 and 2019.

June 30, 2020	
Beginning balance:	\$ 1,549,166
Contributions	300,000
Realized and unrealized gains	47,510
Interest and dividends	33,827
Fees	(61,906)
Ending balance:	<u>\$ 1,868,597</u>
June 30, 2019	
Beginning balance:	\$ 1,291,490
Contributions	202,870
Realized and unrealized gains	11,961
Interest and dividends	58,360
Fees	(15,515)
Ending balance:	<u>\$ 1,549,166</u>

NOTE N - COMMITMENTS

The Organization leases office space under an operating lease which will expire December 31, 2021 and requires a minimum monthly payment of \$4,841 for year one and \$4,985 for year two.

Rental expense incurred under this lease for the years ended June 30, 2020 and 2019 was \$56,974 and \$55,318, respectively.

Future minimum lease payments are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2021	\$ 58,668
2022	29,910
	<u>\$ 88,578</u>

NOTE O - RETIREMENT PLAN

The Organization sponsors a 403(b) pension plan for all eligible employees. The plan year is from January 1 through December 31. Employer base contributions are fixed at 6% of participant's compensation received for that plan year and are 100% vested at all times. Participation in employer base contributions require completion of 1,000 hours of service during a plan year. Total employer base contributions for the years ended June 30, 2020 and 2019 were \$36,157 and \$31,393, respectively.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 13, 2021, the date on which the financial statements were available to be issued.