

**JCC OF CENTRAL NEW JERSEY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**JCC OF CENTRAL NEW JERSEY, INC.**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**KETCHAM & TUPPER, LLC**  
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**Independent Auditors' Report**

To the Board of Directors  
JCC of Central New Jersey, Inc.  
Scotch Plains, New Jersey

**Opinion**

We have audited the accompanying financial statements of the JCC of Central New Jersey, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

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

**Responsibility of Management for the Financial Statements**

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

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

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

**KETCHAM & TUPPER, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

**Report on Summarized Comparative Information**

We have previously audited the JCC of Central New Jersey, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to described the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JCC of Central New Jersey, Inc.'s internal control over financial reporting and compliance.

*Ketcham & Tupper, LLC*

Westfield, New Jersey  
November 27, 2023

**JCC OF CENTRAL NEW JERSEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 and 2022**

**ASSETS**

|                                          | <u><b>2023</b></u>          | <u><b>2022</b></u>          |
|------------------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                            |                             |                             |
| Cash and cash equivalents                | \$ 6,118,162                | \$ 3,992,007                |
| Investments at fair value                | 1,219,505                   | 898,914                     |
| Accounts and grants receivable, net      | 63,516                      | 30,839                      |
| Employee retention tax credit receivable | 1,081,526                   | 1,799,073                   |
| Pledges receivable, net                  | 85,939                      | 161,626                     |
| Prepaid expenses and other assets        | 528,898                     | 303,853                     |
| Right of use assets – operating lease    | 101,190                     | -                           |
| Property and equipment, net              | <u>6,846,731</u>            | <u>6,832,797</u>            |
| <b>Total Assets</b>                      | <u><b>\$ 16,045,467</b></u> | <u><b>\$ 14,019,109</b></u> |

**LIABILITIES AND NET ASSETS**

|                                         |                             |                             |
|-----------------------------------------|-----------------------------|-----------------------------|
| <b>Liabilities</b>                      |                             |                             |
| Accounts payable and accrued expenses   | \$ 255,348                  | \$ 259,371                  |
| Accrued vacation and payroll expenses   | 563,013                     | 490,395                     |
| Operating lease liability               | 105,023                     | -                           |
| Finance lease liability                 | 32,249                      | 9,773                       |
| Deferred revenue                        | 4,644,729                   | 3,752,580                   |
| Note Payable                            | <u>130,668</u>              | <u>257,175</u>              |
| <b>Total Liabilities</b>                | <u><b>\$ 5,731,030</b></u>  | <u><b>\$ 4,769,294</b></u>  |
| <b>Net Assets</b>                       |                             |                             |
| Without donor restrictions              |                             |                             |
| Undesignated                            | \$ 7,899,980                | \$ 7,903,310                |
| Designated by Board                     | <u>2,264,964</u>            | <u>1,220,545</u>            |
|                                         | 10,164,944                  | 9,123,855                   |
| With donor restrictions                 | <u>149,493</u>              | <u>125,960</u>              |
| <b>Total Net Assets</b>                 | <u><b>10,314,437</b></u>    | <u><b>9,249,815</b></u>     |
| <b>Total Liabilities and Net Assets</b> | <u><b>\$ 16,045,467</b></u> | <u><b>\$ 14,019,109</b></u> |

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
with comparative totals for the year ended June 30, 2022**

|                                             | <u>2023</u>                           |                                    |                      | <u>2022</u>         |
|---------------------------------------------|---------------------------------------|------------------------------------|----------------------|---------------------|
|                                             | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |                     |
| <b>Revenue and support</b>                  |                                       |                                    |                      |                     |
| Program income                              | \$ 8,682,035                          | \$ -                               | \$ 8,682,035         | \$ 7,109,578        |
| Membership dues                             | 1,263,043                             | -                                  | 1,263,043            | 1,082,132           |
| Special events                              | 302,179                               | -                                  | 302,179              | 232,491             |
| Contributions and grants                    | 531,050                               | 30,486                             | 561,536              | 789,386             |
| Government grants                           | 373,898                               | -                                  | 373,898              | 295,183             |
| In-kind contributions                       | 3,524                                 | -                                  | 3,524                | 14,724              |
| Investment returns, net                     | 258,398                               | 4,950                              | 263,348              | (98,351)            |
| Jewish Federation                           | 197,587                               | -                                  | 197,587              | 181,862             |
| Loss on disposal of property and equipment  | (9,151)                               | -                                  | (9,151)              | (64,530)            |
| Rental income                               | 85,908                                | -                                  | 85,908               | 22,722              |
| Other income                                | 58,221                                | -                                  | 58,221               | -                   |
| Satisfaction of usage restrictions          | <u>11,903</u>                         | <u>(11,903)</u>                    | <u>-</u>             | <u>-</u>            |
| Total Revenue and support                   | <u>11,758,595</u>                     | <u>23,533</u>                      | <u>11,782,128</u>    | <u>9,565,197</u>    |
| <b>Expenses</b>                             |                                       |                                    |                      |                     |
| Program services                            | 9,696,812                             | -                                  | 9,696,812            | 7,298,980           |
| Supporting services                         | <u>1,849,415</u>                      | <u>-</u>                           | <u>1,849,415</u>     | <u>1,773,609</u>    |
| Total Expenses                              | <u>11,546,227</u>                     | <u>-</u>                           | <u>11,546,227</u>    | <u>9,071,699</u>    |
| <b>Change in net assets from operations</b> | 213,368                               | 23,533                             | 235,901              | 493,498             |
| <b>Nonoperating activities:</b>             |                                       |                                    |                      |                     |
| Employee retention tax credits              | 828,721                               | -                                  | 828,721              | 1,799,073           |
| Paycheck Protection Program<br>grant income | <u>-</u>                              | <u>-</u>                           | <u>-</u>             | <u>377,845</u>      |
| Total Nonoperating activities               | <u>828,721</u>                        | <u>-</u>                           | <u>828,721</u>       | <u>2,176,918</u>    |
| <b>Change in net assets</b>                 | 1,041,089                             | 23,533                             | 1,064,622            | 2,670,416           |
| <b>Net assets, beginning of year</b>        | <u>9,123,855</u>                      | <u>125,960</u>                     | <u>9,249,815</u>     | <u>6,579,399</u>    |
| <b>Net assets, end of year</b>              | <u>\$ 10,164,944</u>                  | <u>\$ 149,493</u>                  | <u>\$ 10,314,437</u> | <u>\$ 9,249,815</u> |

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED COMPARTIVE TOTALS FOR JUNE 30, 2022)**

|                              | <b>Program Services</b>        |                     |                     |                   |                          |                   |                   |                     | <b>Supporting Services</b>    |                    |                     | <b>Totals</b>        |                     |
|------------------------------|--------------------------------|---------------------|---------------------|-------------------|--------------------------|-------------------|-------------------|---------------------|-------------------------------|--------------------|---------------------|----------------------|---------------------|
|                              | <b>Children's<br/>Services</b> | <b>Camp</b>         | <b>Fitness</b>      | <b>Aquatics</b>   | <b>Cultural<br/>Arts</b> | <b>Seniors</b>    | <b>Inclusion</b>  | <b>Subtotal</b>     | <b>Mgmt &amp;<br/>General</b> | <b>Fundraising</b> | <b>Subtotal</b>     | <b>2023</b>          | <b>2022</b>         |
| Salaries                     | \$ 2,672,686                   | \$ 1,066,089        | \$ 761,648          | \$ 322,841        | \$ 107,604               | \$ 177,134        | \$ 122,665        | \$ 5,230,667        | \$ 733,175                    | \$ 283,383         | \$ 1,016,558        | \$ 6,247,225         | \$ 5,254,053        |
| Employee benefits            | 202,718                        | 37,834              | 50,128              | 19,964            | 3,552                    | 7,438             | 5,814             | 327,448             | 20,315                        | 11,814             | 32,129              | 359,577              | 238,810             |
| Payroll taxes                | 219,866                        | 116,393             | 58,506              | 28,088            | 10,205                   | 20,074            | 14,695            | 467,827             | 33,105                        | 27,339             | 60,444              | 528,271              | 398,147             |
| Total compensation costs     | 3,095,270                      | 1,220,316           | 870,282             | 370,893           | 121,361                  | 204,646           | 143,174           | 6,025,942           | 786,595                       | 322,536            | 1,109,131           | 7,135,073            | 5,891,010           |
| Program costs                | 139,141                        | 447,414             | 65,502              | 9,724             | 9,303                    | 35,985            | 293               | 707,362             | 327                           | 2,812              | 3,139               | 710,501              | 372,260             |
| Advertising & promotion      | 13,544                         | 8,002               | 12,928              | 2,563             | 2,463                    | 2,463             | 1,231             | 43,194              | -                             | 18,469             | 18,469              | 61,663               | 85,513              |
| Food                         | 149,579                        | 149,233             | 274                 | -                 | 199                      | 41,967            | 673               | 341,925             | -                             | -                  | -                   | 341,925              | 195,154             |
| Transportation               | 47,632                         | 356,620             | -                   | -                 | -                        | 2,712             | -                 | 406,964             | -                             | -                  | -                   | 406,964              | 207,706             |
| Scholarships                 | 32,937                         | 30,707              | 6,536               | 1,952             | -                        | -                 | -                 | 72,132              | -                             | -                  | -                   | 72,132               | 47,268              |
| Fundraising & special events | 14,159                         | 25,124              | 1,869               | 1,633             | 12,685                   | 1,605             | 1,118             | 58,193              | -                             | 189,280            | 189,280             | 247,473              | 155,525             |
| Conferences & training       | 10,621                         | 17,435              | 1,185               | 2,096             | 1,495                    | -                 | 6,443             | 39,275              | 38,762                        | 1,494              | 40,256              | 79,531               | 25,252              |
| Employee & recruitment       | 25,679                         | 27,733              | 769                 | 4,067             | 386                      | 528               | 763               | 59,925              | 24,594                        | -                  | 24,594              | 84,519               | 44,304              |
| Equipment & supplies         | 129,030                        | 90,929              | 46,743              | 42,204            | 2,000                    | 3,063             | 3,306             | 317,275             | 60,315                        | 3,094              | 63,409              | 380,684              | 354,372             |
| Occupancy                    | 175,605                        | 87,677              | 144,099             | 75,171            | 11,290                   | 11,290            | 11,290            | 513,422             | 61,804                        | 11,290             | 73,094              | 586,516              | 490,093             |
| Professional dues            | -                              | 6,915               | -                   | -                 | -                        | -                 | 671               | 7,586               | 40,953                        | 250                | 41,203              | 48,789               | 45,040              |
| Professional fees            | -                              | 32,023              | -                   | -                 | -                        | -                 | -                 | 32,023              | 23,714                        | -                  | 23,714              | 55,737               | 20,947              |
| Service contracts            | 57,421                         | 33,216              | 60,063              | 8,304             | 1,415                    | 1,415             | 708               | 162,542             | 129,248                       | 10,615             | 139,863             | 302,405              | 255,185             |
| Telephone                    | 4,011                          | 1,929               | 3,919               | 908               | 226                      | 226               | 189               | 11,408              | 5,209                         | 1,444              | 6,653               | 18,061               | 13,879              |
| Bank & credit card fees      | 102,954                        | 72,068              | 36,034              | 7,722             | 12,689                   | 7,722             | 5,148             | 244,517             | -                             | 12,869             | 12,869              | 257,386              | 227,291             |
| Insurance                    | 43,504                         | 53,391              | 15,819              | 9,887             | 3,954                    | 9,887             | 7,910             | 144,352             | 39,549                        | 13,842             | 53,391              | 197,743              | 140,437             |
| Interest expense             | -                              | -                   | -                   | -                 | -                        | -                 | -                 | -                   | 9,058                         | -                  | 9,058               | 9,058                | 7,469               |
| Other expenses               | 1,577                          | 279                 | 1,170               | 86                | 243                      | 887               | 43                | 4,285               | 8,338                         | 753                | 9,091               | 13,376               | 26,683              |
| Depreciation & amortization  | 177,108                        | 80,504              | 155,640             | 59,036            | 10,734                   | 10,734            | 10,734            | 504,490             | 21,468                        | 10,733             | 32,201              | 536,691              | 475,311             |
| Total Expense                | <u>\$4,219,772</u>             | <u>\$ 2,738,515</u> | <u>\$ 1,422,832</u> | <u>\$ 596,246</u> | <u>\$ 190,623</u>        | <u>\$ 335,130</u> | <u>\$ 193,694</u> | <u>\$ 9,696,812</u> | <u>\$ 1,249,934</u>           | <u>\$ 599,481</u>  | <u>\$ 1,849,415</u> | <u>\$ 11,546,227</u> | <u>\$ 9,071,699</u> |

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(WITH SUMMARIZED COMPARTIVE TOTALS FOR JUNE 30, 2021)**

|                              | <b>Program Services</b>        |                     |                   |                   |                          |                   |                   |                     | <b>Supporting Services</b>    |                    |                     | <b>Totals</b>       |                     |
|------------------------------|--------------------------------|---------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|---------------------|-------------------------------|--------------------|---------------------|---------------------|---------------------|
|                              | <b>Children's<br/>Services</b> | <b>Camp</b>         | <b>Fitness</b>    | <b>Aquatics</b>   | <b>Cultural<br/>Arts</b> | <b>Seniors</b>    | <b>Inclusion</b>  | <b>Subtotal</b>     | <b>Mgmt &amp;<br/>General</b> | <b>Fundraising</b> | <b>Subtotal</b>     | <b>2022</b>         | <b>2021</b>         |
| Salaries                     | \$ 2,224,837                   | \$ 887,527          | \$ 633,708        | \$ 292,609        | \$ 121,499               | \$ 147,913        | \$ 92,615         | \$ 4,400,708        | \$ 678,530                    | \$ 174,815         | \$ 853,345          | \$ 5,254,053        | \$ 3,877,449        |
| Employee benefits            | 124,840                        | -                   | 35,550            | 11,480            | -                        | -                 | -                 | 171,870             | 66,940                        | -                  | 66,940              | 238,810             | 225,825             |
| Payroll taxes                | <u>148,906</u>                 | <u>58,379</u>       | <u>40,428</u>     | <u>17,364</u>     | <u>7,090</u>             | <u>9,145</u>      | <u>6,387</u>      | <u>287,699</u>      | <u>100,136</u>                | <u>10,312</u>      | <u>110,448</u>      | <u>398,147</u>      | <u>283,513</u>      |
| Total compensation costs     | 2,498,583                      | 945,906             | 709,686           | 321,453           | 128,589                  | 157,058           | 99,002            | 4,860,277           | 845,606                       | 185,127            | 1,030,733           | 5,891,010           | 4,386,787           |
|                              |                                |                     |                   |                   |                          |                   |                   |                     |                               |                    |                     |                     |                     |
| Program costs                | 51,582                         | 246,331             | 32,038            | 5,386             | 3,591                    | 29,479            | 605               | 369,012             | 3,248                         | -                  | 3,248               | 372,260             | 85,078              |
| Advertising & promotion      | 19,377                         | 18,112              | 8,425             | 4,213             | 8,425                    | 4,213             | 1,685             | 64,450              | 4,213                         | 16,850             | 21,063              | 85,513              | 82,009              |
| Food                         | 118,449                        | 55,794              | -                 | -                 | -                        | 20,859            | 52                | 195,154             | -                             | -                  | -                   | 195,154             | 27,590              |
| Transportation               | 46,786                         | 160,558             | -                 | -                 | -                        | 362               | -                 | 207,706             | -                             | -                  | -                   | 207,706             | 5,328               |
| Scholarships                 | 15,400                         | 24,597              | 6,166             | 1,105             | -                        | -                 | -                 | 47,268              | -                             | -                  | -                   | 47,268              | 51,080              |
| Fundraising & special events | 13,270                         | 12,442              | -                 | -                 | 5,161                    | 28                | -                 | 30,901              | -                             | 124,624            | 124,624             | 155,525             | 51,685              |
| Conferences & training       | 5,727                          | 5,151               | 903               | 190               | 889                      | -                 | 6,446             | 19,306              | 5,451                         | 495                | 5,946               | 25,252              | 11,753              |
| Employee & recruitment       | 12,328                         | 12,386              | 1,166             | 1,016             | -                        | 650               | 201               | 27,747              | 16,321                        | 236                | 16,557              | 44,304              | 26,783              |
| Equipment & supplies         | 105,219                        | 61,141              | 18,208            | 27,646            | -                        | 1,479             | 2,679             | 216,372             | 129,000                       | -                  | 129,000             | 345,372             | 216,515             |
| Occupancy                    | 179,876                        | 103,159             | 80,701            | 54,153            | 13,538                   | 22,564            | 4,513             | 458,504             | 22,564                        | 9,025              | 31,589              | 490,093             | 395,138             |
| Professional dues            | -                              | 3,940               | -                 | -                 | -                        | -                 | 578               | 4,518               | 40,277                        | 245                | 40,522              | 45,040              | 35,216              |
| Professional fees            | -                              | -                   | -                 | -                 | -                        | -                 | -                 | -                   | 20,947                        | -                  | 20,947              | 20,947              | 28,563              |
| Service contracts            | 59,748                         | 25,777              | 13,675            | 3,108             | 1,243                    | 623               | 623               | 104,797             | 141,064                       | 9,324              | 150,388             | 255,185             | 281,783             |
| Telephone                    | 880                            | 1,155               | 1,380             | -                 | -                        | -                 | -                 | 3,415               | 10,464                        | -                  | 10,464              | 13,879              | 16,994              |
| Bank & credit card fees      | 97,735                         | 63,641              | 34,094            | 6,819             | -                        | 2,273             | 2,273             | 206,835             | -                             | 20,456             | 20,456              | 227,291             | 146,040             |
| Insurance                    | 27,201                         | 10,851              | 7,747             | 3,577             | 1,486                    | 1,808             | 1,132             | 53,802              | 84,498                        | 2,137              | 89,635              | 140,437             | 130,003             |
| Interest expense             | -                              | -                   | -                 | -                 | -                        | -                 | -                 | -                   | 7,469                         | -                  | 7,469               | 7,469               | 27,978              |
| Other expenses               | 14,173                         | 158                 | 56                | 62                | -                        | 42                | 15                | 14,506              | 11,845                        | 332                | 12,177              | 26,683              | 30,616              |
| Depreciation & amortization  | <u>251,915</u>                 | <u>95,062</u>       | <u>9,506</u>      | <u>28,519</u>     | <u>9,506</u>             | <u>14,259</u>     | <u>4,753</u>      | <u>413,520</u>      | <u>47,532</u>                 | <u>14,259</u>      | <u>61,791</u>       | <u>475,311</u>      | <u>454,963</u>      |
|                              |                                |                     |                   |                   |                          |                   |                   |                     |                               |                    |                     |                     |                     |
| Total Expense                | <u>\$ 3,518,249</u>            | <u>\$ 1,846,161</u> | <u>\$ 923,751</u> | <u>\$ 457,247</u> | <u>\$ 172,428</u>        | <u>\$ 255,697</u> | <u>\$ 124,557</u> | <u>\$ 7,298,890</u> | <u>\$ 1,390,499</u>           | <u>\$ 383,110</u>  | <u>\$ 1,773,609</u> | <u>\$ 9,071,699</u> | <u>\$ 6,491,902</u> |

*See accompanying notes to financial statements*

**JCC OF CENTRAL NEW JERSEY, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 and 2022**

|                                                                                             | <u><b>2023</b></u>  | <u><b>2022</b></u>  |
|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                |                     |                     |
| Change in net assets                                                                        | \$ 1,064,622        | \$ 2,670,416        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation & amortization                                                                 | 536,691             | 475,311             |
| Unrealized (gain) loss on investments                                                       | (55,444)            | 128,358             |
| Loss on disposal of property and equipment                                                  | 9,151               | 64,530              |
| Discount on note payable                                                                    | 6,826               | (20,348)            |
| Changes in operating assets and liabilities                                                 |                     |                     |
| Accounts and grants receivable                                                              | (32,677)            | 4,600               |
| Employee retention tax credits receivable                                                   | 717,547             | (1,799,073)         |
| Pledges receivable                                                                          | 75,687              | (111,969)           |
| Prepaid expenses and other assets                                                           | (225,045)           | (81,707)            |
| Accounts payable and accrued expenses                                                       | (4,023)             | 13,251              |
| Accrued vacation and payroll expenses                                                       | 72,618              | 37,462              |
| Rights of use assets and liabilities, operating leases                                      | 3,833               | -                   |
| Deferred revenue                                                                            | 892,149             | 604,053             |
| Refundable advance – Paycheck Protection Program                                            | <u>-</u>            | <u>(377,845)</u>    |
| Net cash provided by operating activities                                                   | <u>3,061,935</u>    | <u>1,607,039</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                |                     |                     |
| Purchase of property and equipment                                                          | (519,476)           | (1,720,153)         |
| Purchase of investments                                                                     | (265,147)           | (24,724)            |
| Proceeds from sale of investments                                                           | <u>-</u>            | <u>51,819</u>       |
| Net cash used in investing activities                                                       | <u>(784,623)</u>    | <u>(1,693,058)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                |                     |                     |
| Principal repayments on note payable                                                        | (133,333)           | (122,477)           |
| Principal repayments on financing lease obligation                                          | <u>(17,824)</u>     | <u>(22,515)</u>     |
| Net cash used in financing activities                                                       | <u>(151,157)</u>    | <u>(144,992)</u>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | 2,126,155           | (231,011)           |
| <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>                                         | <u>3,992,007</u>    | <u>4,223,018</u>    |
| <b>CASH AND CASH EQUIVALENTS, End of year</b>                                               | <u>\$ 6,118,162</u> | <u>\$ 3,992,007</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>                                   |                     |                     |
| Cash paid for interest                                                                      | <u>\$ 13,026</u>    | <u>\$ 12,136</u>    |

*See accompanying notes to financial statements*

## **JCC OF CENTRAL NEW JERSEY, INC.**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND 2022**

#### **Note 1 - Nature of the Organization**

The JCC of Central New Jersey, Inc. (the "JCC") is a not-for-profit social service agency committed to serving both the Jewish community and the community at large. The JCC serves more than 4,000 members and community participants at all ages and stages of life and is a hub where people come together with community and create long-lasting friendships and connections.

The JCC's mission is to educate, enrich and empower its community – from generation to generations. The JCC works in the community, with the community and for the community, and is grounded in Jewish values and traditions. The JCC believes in fostering inclusion, creating connections and ensuring continuity for the community.

The JCC offers a wide array of services and programs for the community including an infant and toddler program, an accredited preschool, and full-day kindergarten committed to excellence and innovation and after-school childcare with homework support and recreational activities. For adults, there are cultural events, educational programs and fitness and wellness classes. The JCC has a fully-functioning fitness center, one indoor and two outdoor pools. The JCC provides a communal, nutritional lunch program as well as social and educational activities four days a week for senior adults. Virtual programming was added to reach homebound seniors. During the summer, the JCC's day, travel and specialty camps provide activities for children ages 18 months through 14 years.

The JCC is committed to maintaining relevant and robust services and programs including social action projects available for members and the community. The JCC is also committed to the inclusion of people of all abilities, backgrounds, denominations, gender identity and religious affiliations into all our programs.

#### **Note 2 - Summary of Significant Accounting Policies**

##### Basis of Accounting and Presentation

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 ("U.S. GAAP"). The JCC is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions.

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and are therefore, available for the general operation of the JCC. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's direction.

*Net Assets With Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the JCC to expend the income generated by the assets in accordance with provisions of additional donor imposed stipulations or a Board-approved spending policy. Donor imposed restrictions are released when a

restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, or both.

#### Cash and Cash Equivalents

The JCC considers all short-term, highly liquid investments with maturities of three months or less to be cash and cash equivalents.

#### Fair Value of Financial Instruments

The JCC follows Financial Accounting Standards Board guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statement of activities. Investment fees are netted against the investment return.

#### Accounts and Grants Receivable

Accounts and grants receivable are stated at unpaid balances and are net of an allowance for doubtful accounts. The allowance is based on the JCC's historical collection experience. Receivables are considered impaired if payment is not received in accordance with terms. It is the JCC's policy to write off uncollectible receivables when management determines the receivable will not be collected. The allowance on accounts and grants receivable as of June 30, 2023 and 2022 was \$3,987 and \$4,046, respectively.

#### Pledges Receivable

Pledge contributions are recognized when the donor makes an unconditional promise to give. Pledges receivable are discounted to their estimated present values and are recorded net of an allowance for uncollectible pledges. It is the JCC's policy to write off uncollectible pledges when management determines the pledge to no longer be collectible.

#### Property and Equipment

Property and equipment are stated at cost for purchased items and fair value for contributed items at the date of donation. Assets acquired through finance lease agreements are recorded in accordance with U.S. GAAP. Maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the useful lives of the respective assets. Property and equipment with a cost over \$10,000 are capitalized.

#### Leases

The JCC recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over

the term of the lease (operating leases). Lease and nonlease components of a contract are accounted for as separate lease components. The JCC's right-of-use assets and lease liabilities primarily relate to program space, office equipment and fitness equipment. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised.

Right-of-use assets and lease liabilities are recorded at the net present value of future lease payments and include any initial direct costs incurred at lease commencement. The incremental borrowing rate is used to determine the net present value of the lease when the rate implicit in the lease is not readily determinable. This represents the rate of interest the JCC would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Right-of-use assets under finance leases are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis. Right-of-use assets under operating leases are reduced as lease expense is incurred.

Short-term leases (initial terms less than 12 months) are expensed on a straight-line basis over the lease term.

### Revenue and Support

The JCC recognizes revenue from program service fees and membership dues during the period in which the related services are provided. The performance obligation of delivering the services is simultaneously received and consumed by the members, therefore revenue is recognized ratably over the course of the fiscal year for which it pertains. The JCC bills its members in advance. Payments received prior to being earned are recorded as deferred revenue and are recognized when services are rendered.

The JCC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, 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. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The JCC's revenue derived from cost-reimbursable government contracts and grants are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the JCC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received on cost reimbursement grants, prior to incurring qualifying expenditures, are reported as due governmental agencies in the statements of financial condition, if applicable. Under the terms of funding agreements with various governmental agencies, certain reported expenditures are subject to audit and acceptance by the funding agencies. In the opinion of management, adjustments, if any, resulting from future audits, should not have a material effect on the JCC's financial position or changes in its net assets.

The JCC follows the provisions of FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities apart from contributions of cash or other financial assets.

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation. Donated materials and services are recorded as contributions at their estimated fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated asset must be

used. The JCC recognized \$3,524 and \$14,724 of in-kind donations during the years ended June 30, 2023 and 2022, respectively.

Many volunteers have made significant contributions of their time in furtherance of the JCC's mission. The value of these services is not reflected in the accompanying financial statements as they do not meet the criteria for recognition as contributed services in accordance with U.S. GAAP.

### Income Taxes

The JCC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation within the meaning of Section 590(a). U.S. GAAP prescribes how the JCC should measure, recognize, present and disclose in its financial statements tax positions that the JCC has taken on its information returns. The JCC regularly reviews its tax positions taken and as reflected in its financial statements, with regard to issues affecting tax matters. The JCC has concluded that no tax benefits or liabilities are required to be recognized in accordance with U.S. GAAP.

The JCC's tax and information returns are generally subject to examination by taxing authorities for three years, including 2021, 2022 and 2023.

### Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the JCC's ongoing program services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from other activities considered to be of a more unusual or nonrecurring nature.

### Advertising

The JCC expenses advertising costs as they are incurred.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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. The most significant of these accounting estimates include the allocation of functional expenses.

### Functional Allocation of Expense

The costs of providing the JCC's programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on usage or other reasonable bases established by management.

### New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842) effective for periods beginning after December 15, 2021. This guidance requires the rights and obligations of new and existing lease arrangements to be recognized as assets and liabilities in the statement of financial position. The guidance also expanded related disclosure requirements.

The JCC adopted FASB ASC 842, with an initial application date of July 1, 2022 by applying the modified retrospective approach. Accordingly, the new guidance was applied retrospectively to leases that existed as of July 1, 2022 (the date of initial application). As result, the JCC recorded right-of-use assets of \$40,399 and liabilities of \$40,399. The adoption did not have a significant impact on the JCC's net assets, results of operations or cash flows.

The JCC elected the following practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance:

1. Expired or existing contracts were not reassessed to determine whether they contain leases under the new standard.
2. Previous classification of existing leases (operating or capital) was retained as of the date of adoption.
3. Initial direct costs were not reassessed upon adoption.

### Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to conform to the current year's presentation.

### Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the JCC's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

### **Note 3 - Fair Value Measurements**

Assets measured at fair value on a recurring basis as of June 30 are as follows:

|                       | <b>2023</b>         |                     |                   |
|-----------------------|---------------------|---------------------|-------------------|
|                       | Total               |                     |                   |
|                       | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>    |
| Mutual Funds          | \$ 1,094,505        | \$ 1,094,505        | \$ -              |
| State of Israel Bonds | <u>125,000</u>      | <u>-</u>            | <u>125,000</u>    |
|                       | <u>\$ 1,219,505</u> | <u>\$ 1,094,505</u> | <u>\$ 125,000</u> |
|                       | <b>2022</b>         |                     |                   |
|                       | Total               |                     |                   |
|                       | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>    |
| Mutual Funds          | \$ 798,914          | \$ 798,914          | \$ -              |
| State of Israel Bonds | <u>100,000</u>      | <u>-</u>            | <u>100,000</u>    |
|                       | <u>\$ 898,914</u>   | <u>\$ 798,914</u>   | <u>\$ 100,000</u> |

Fair value for investments are determined by references to quoted market prices and other relevant information generated by observable market transactions.

#### Note 4 - Pledges Receivable

Pledges receivable consist of amounts due for annual campaign pledges and other programs as follows as of June 30:

|                                           | <u>2023</u>      | <u>2022</u>       |
|-------------------------------------------|------------------|-------------------|
| Pledges receivable in less than one year  | \$ 44,271        | \$ 123,272        |
| Pledges receivable in one to five years   | <u>52,030</u>    | <u>50,834</u>     |
|                                           | 96,301           | 174,106           |
| Less: Allowance for uncollectable pledges | (4,815)          | (8,705)           |
| Less: Discount to net present value       | <u>(5,547)</u>   | <u>(3,775)</u>    |
| Pledges receivable, net                   | <u>\$ 85,939</u> | <u>\$ 161,626</u> |

The discount rate used in determining the net present value of pledges receivable as of June 30, 2023 and 2022 was 5.32% and 3.55%, respectively.

#### Note 5 - Property and Equipment

|                                              | <u>2023</u>         | <u>2022</u>         |
|----------------------------------------------|---------------------|---------------------|
| Land and improvements                        | \$ 950,354          | \$ 927,663          |
| Building and improvements                    | 9,906,978           | 9,663,278           |
| Equipment                                    | 1,752,086           | 1,569,638           |
| Furniture and fixtures                       | 70,512              | 70,512              |
| Computers and software                       | 46,682              | 38,860              |
| Construction in Progress                     | <u>932,218</u>      | <u>848,035</u>      |
|                                              | 13,658,830          | 13,117,988          |
| Less accumulated depreciation & amortization | <u>(6,812,099)</u>  | <u>(6,285,191)</u>  |
|                                              | <u>\$ 6,846,731</u> | <u>\$ 6,832,797</u> |

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$536,691 and \$475,311, respectively and includes the amount of amortization attributed to finance leases. During the year ended June 30, 2023, the JCC retired \$18,934 of assets no longer in use from Equipment, as well as the associated accumulated depreciation of \$9,783.

A house on approximately one acre of land adjacent to our campground was purchased on June 30, 2022 for \$750,000. The planned use for the property is being explored and the cost of the home and property along with any related purchase expenditures is classified under the Construction in progress category until such time as the use is determined.

#### Note 6 - Employee Retention Tax Credit

The Employee Retention Tax Credit (ERTC), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief and Economic Security ("CARES") Act and was subsequently amended through additional legislation. Activity was as follows at and for the years ended June 30:

| Payroll Period                    | Revenue Recognized during |                   | Accounts receivable at |                     |
|-----------------------------------|---------------------------|-------------------|------------------------|---------------------|
|                                   | <u>Fiscal Year</u>        |                   | <u>June 30,</u>        |                     |
|                                   | <u>2023</u>               | <u>2022</u>       | <u>2023</u>            | <u>2022</u>         |
| April 1, 2020 – June 30, 2021     | \$ 1,799,073              | \$ -              | \$ 1,799,073           | \$ 1,081,526        |
| July 1, 2021 – September 30, 2021 | <u>-</u>                  | <u>828,721</u>    | <u>-</u>               | <u>-</u>            |
|                                   | <u>\$ 1,799,073</u>       | <u>\$ 828,721</u> | <u>\$ 1,799,073</u>    | <u>\$ 1,081,526</u> |

The full amount of ERTC submission was received by August 2023 plus interest.

## **Note 7 - Paycheck Protection Program Grant**

The JCC applied for and received two Paycheck Protect Program loans pursuant to the Small Business Administration ("SBA") Paycheck Protections Program ("PPP") under the CARES Act. Under the CARES Act recipients are eligible for forgiveness of the proceeds to the extent that they were used to pay for payroll and related costs and certain occupancy expenses over an 8 or 24 week period, as elected by the JCC. The JCC elected the 24 week covered period for both PPP loans. The recipient also had to maintain certain payroll levels, or satisfy one of the safe harbor provisions within the program.

In accordance with FASB 958, all amounts received under the PPP loans were expended and recognized as revenue on the statement of activities and changes in net assets. During the year ended June 30, 2022, the JCC recognized \$377,845 as revenue on its PPP loan.

The JCC applied for and received full forgiveness of its two PPP loans.

## **Note 8 - Line of Credit**

The JCC has an agreement with Northfield Bank for a \$2,000,000 line of credit secured by real property. Through April 1, 2023, interest on the outstanding balance was calculated at the Prime Rate of interest as published in the Wall Street Journal with a floor of 3.50%. On March 17, 2023, a Change in Terms Agreement was executed extending the maturity date to April 1, 2024 and increasing the floor rate to 5.00%. All other conditions of the agreement remained the same. The JCC had no outstanding advances on the line of credit at June 30, 2023 and 2022.

## **Note 9 - Note Payable**

Note payable consisted of the following at June 30:

|                                                                                                                                                                                                                                                                              | <u>2023</u>       | <u>2022</u>       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Note payable to the Jewish Community Response and Impact Fund with an original principal balance of \$400,000 which requires quarterly payments of \$33,333 including principal and interest at 0.0%, maturing April 1, 2024 and subject to various non-financial covenants. | \$ 137,494        | \$ 266,667        |
| Less: Discount on note payable                                                                                                                                                                                                                                               | <u>(6,826)</u>    | <u>(9,492)</u>    |
|                                                                                                                                                                                                                                                                              | <u>\$ 130,668</u> | <u>\$ 257,175</u> |

The rate used in determining the discount on note payable is 3.25%. Amortization of the discount is reported in the statement of functional expenses as interest expense.

Discounted principal amounts due under the above agreement at June 30, 2023 are \$ 130,668.

## **Note 10 - Leases**

The JCC has operating and finance leases for program space and office and fitness equipment. The leases expire at various dates through 2026 and have fixed monthly payments. The operating lease for program space includes an annual increase and a renewal option extending the lease term for one year which the JCC expects to exercise. This lease also requires a monthly charge for common areas maintenance.

Lease expenses associated with operating and finance leases for the year ended June 30, 2023 are as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Operating lease cost                | \$ 60,903        |
| Finance lease cost                  |                  |
| Amortization of right-of-use assets | 17,840           |
| Interest on lease liabilities       | <u>2,331</u>     |
| Total lease cost                    | <u>\$ 81,074</u> |

Cash and non-cash activities associated with operating and finance leases for the year ended June 30 2023 are as follows:

Cash paid for amount included in the measurement of lease liabilities:

|                                            |                  |
|--------------------------------------------|------------------|
| Operating cash flows from operating leases | \$ 55,023        |
| Operating cash flows from finance lease    | 2,331            |
| Financing cash flows from finance leases   | <u>17,824</u>    |
|                                            | <u>\$ 75,178</u> |

Future payments due under operating and finance leases as of June 30, 2023 are as follows:

| Year ending June 30:                       | <b><u>Operating</u></b> | <b><u>Finance</u></b> |
|--------------------------------------------|-------------------------|-----------------------|
| 2024                                       | \$ 38,100               | \$ 15,360             |
| 2025                                       | 37,400                  | 15,360                |
| 2026                                       | <u>35,000</u>           | <u>5,120</u>          |
| Total lease payments                       | 110,500                 | 35,840                |
| Less: imputed interest                     | <u>(5,477)</u>          | <u>(3,591)</u>        |
| Present value of lease liabilities         | <u>\$ 105,023</u>       | <u>\$ 32,249</u>      |
| Less: current portion of lease liabilities | (28,525)                | (13,007)              |
| Noncurrent lease liabilities               | <u>\$ 76,498</u>        | <u>\$ 19,242</u>      |

The weighted-average term and discount rates for both operating and finance leases outstanding at June 30, 2023:

|                                       | <b><u>Operating</u></b> | <b><u>Finance</u></b> |
|---------------------------------------|-------------------------|-----------------------|
| Weighted-average remaining/lease term | 3.05 years              | 2.34 years            |
| Weighted-average discount rate        | 3.41%                   | 8.92%                 |

#### **Note 11 - Investment Return**

Investment income as was comprised of the following as of June 30:

|                                                | <b><u>2023</u></b> | <b><u>2022</u></b> |
|------------------------------------------------|--------------------|--------------------|
| Interest and dividends                         | \$ 207,904         | \$ 28,522          |
| Realized/Unrealized gain (loss) on investments | <u>55,444</u>      | <u>(126,873)</u>   |
|                                                | <u>\$ 263,348</u>  | <u>\$ (98,351)</u> |

#### **Note 12 - Related Party Transactions**

The JCC renewed the five-year lease with The Jewish Federation of Greater MetroWest, NJ (the "Federation") on July 1, 2019 for space occupied within the facility owned by the JCC. The Federation also provides financial support for programming at the JCC and reimburses the JCC for 5.0% of shared

capital expenditures and security costs. The Federation paid the following to the JCC for the years ended June 30:

|                                       | <u>2023</u>       | <u>2022</u>       |
|---------------------------------------|-------------------|-------------------|
| Annual allocation                     | \$ 145,000        | \$ 125,000        |
| Rent                                  | 30,000            | 30,000            |
| Security personnel cost reimbursement | 5,457             | 3,862             |
| Donations for programs                | <u>17,130</u>     | <u>23,000</u>     |
| Total reimbursement and support       | <u>\$ 197,587</u> | <u>\$ 181,862</u> |

Future minimum rental payments under the lease are \$30,000 for the year ending June 30, 2024.

In the normal course of business, a brokerage agency provides services to the JCC for its various insurance policies. A current JCC Board member is the spouse of the brokerage agency owner. Commissions earned by the agency are paid directly by the insurance providers and not by the JCC.

### **Note 13 - Board Designated Net Assets**

Board designated net assets consist of the following as of June 30:

|                                   | <u>2023</u>         | <u>2022</u>         |
|-----------------------------------|---------------------|---------------------|
| Special capital projects          | \$ 2,172,177        | \$ 1,150,312        |
| Financial aid                     | 77,786              | 55,233              |
| Special Needs assistance          | <u>15,000</u>       | <u>15,000</u>       |
| Total board designated net assets | <u>\$ 2,264,964</u> | <u>\$ 1,220,545</u> |

### **Note 14 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of June 30:

|                                                     | <u>2023</u>       | <u>2022</u>       |
|-----------------------------------------------------|-------------------|-------------------|
| Subject to expenditure for specified purpose        |                   |                   |
| Future capital improvements                         | \$ 50,000         | \$ 50,000         |
| Summer Camp fees                                    | 20,154            | -                 |
| Phyllis Bernstein Kuchner Scholarships              | 5,182             | -                 |
| Other                                               | <u>7,666</u>      | <u>14,569</u>     |
|                                                     | <u>83,002</u>     | <u>64,569</u>     |
| Endowments subject to appropriation                 |                   |                   |
| Jeff & Eleanor Peris Special Needs Development Fund | 30,000            | 30,000            |
| Michelle Posnock Sion Aquatics Fund                 | 31,126            | 30,976            |
| Accumulated investment return                       | <u>5,209</u>      | <u>415</u>        |
|                                                     | <u>66,491</u>     | <u>61,391</u>     |
| Total net assets with donor restrictions            | <u>\$ 149,493</u> | <u>\$ 125,960</u> |

Net assets with donor restrictions released from restriction during the year ended June 30 are as follows:

|                             | <u>2023</u>      | <u>2022</u>       |
|-----------------------------|------------------|-------------------|
| Senior programs             | \$ -             | \$ 50,000         |
| Future capital improvements | -                | 7,558             |
| Aquatics                    | -                | 13,000            |
| JEmbrace                    | -                | 527,130           |
| Other                       | <u>11,903</u>    | <u>15,779</u>     |
| Total                       | <u>\$ 11,903</u> | <u>\$ 613,467</u> |

The various purposes of the above donor restricted amounts are as follows:

- Future capital improvements - to provide funding to establish a reserve fund for capital improvements.
- Summer Camp fees – restricted for children who have experienced significant loss to attend summer camp.
- Phyllis Bernstein Kuchner Scholarships – restricted to fund one JCC member each year to pursue an opportunity to GO, to LEARN, to DO.
- Jeff & Eleanor Peris Special Needs Development Fund - restricted for special needs inclusion training and development for camp counselors and shadows staff.
- Michelle Posnock Sion Aquatics Fund - to provide special instruction for swimmers with disabilities.

#### **Note 15 - Endowments**

The JCC's endowments consist of donor-restricted endowment funds which are classified within net assets with donor restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The JCC follows the Uniform Prudent Management of Institutional Funds Act as adopted by the State of New Jersey (NJ UPMIFA). The JCC's Board of Directors have interpreted the NJ UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the JCC classifies endowment net assets as (a) the original value of the initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with NJ UPMIFA, the JCC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the JCC and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the JCC
- 7) The investment policies of the JCC

Endowment net assets consisted of the following at June 30:

|                                        | <b><u>With Donor Restrictions</u></b> |                         |
|----------------------------------------|---------------------------------------|-------------------------|
|                                        | <b><u>2023</u></b>                    | <b><u>2022</u></b>      |
| Original donor-restricted gift amounts | \$ 61,126                             | \$ 60,976               |
| Accumulated investment return          | <u>5,209</u>                          | <u>415</u>              |
| Donor-restricted endowment funds       | <b><u>\$ 66,491</u></b>               | <b><u>\$ 61,391</u></b> |

Changes in endowment net assets for the fiscal year ended June 30 is as follows:

|                                         | <b><u>2023</u></b>      | <b><u>2022</u></b>      |
|-----------------------------------------|-------------------------|-------------------------|
| Endowment net assets, beginning of year | \$ 61,391               | \$ 69,719               |
| Contributions                           | 150                     | -                       |
| Investment return                       | <u>4,950</u>            | <u>(8,328)</u>          |
| Endowment net assets, end of year       | <b><u>\$ 66,491</u></b> | <b><u>\$ 61,391</u></b> |

The JCC's policy provides that endowment assets will be invested in a manner that is intended to produce expected return of 4%-6% per annum, while maintaining an acceptable level of investment risk. Actual

returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the JCC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

As set forth by specified instructions in the donor agreements, appropriations for expenditure may not exceed 4% of the endowment fund value per fiscal year, subject to approval by the JCC's Board of Directors for their specified purpose. For the years end June 30, 2023 and 2022, no appropriations were made by the Board of Directors.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the JCC to retain as a fund of perpetual duration. As of June 30, 2023 and 2022, there was no deficiency incurred.

#### **Note 16 - Retirement Plan**

The JCC sponsors a defined contribution retirement plan that qualifies under Section 401(k) of the Internal Revenue Code. This plan covers substantially all full-time employees who have satisfied the eligibility requirements as defined in the plan. Under this plan, participants are permitted to make income tax deferred contributions based upon their compensation. Each year, in addition to depositing voluntary 401(k) salary deferrals with an independent trustee, the JCC may contribute to the plan in the form of discretionary profit sharing contributions. The JCC made a discretionary profit sharing contribution in the amount of \$78,366 for the year ended June 30, 2023. No discretionary profit sharing contribution was made by the JCC for the year ended June 30, 2022.

#### **Note 17 - Concentrations of Credit Risk**

The JCC maintains its cash balances in financial institutions located in New Jersey. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 and may, at times, exceed the federally insured limit. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

#### **Note 18 - Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following at June 30:

|                                                                    | <u>2023</u>         | <u>2022</u>         |
|--------------------------------------------------------------------|---------------------|---------------------|
| Financial assets:                                                  |                     |                     |
| Cash and cash equivalents                                          | \$ 6,118,162        | \$ 3,992,007        |
| Investments at fair value                                          | 1,219,505           | 898,914             |
| Accounts and grants receivable, net                                | 63,516              | 30,839              |
| Employee retention tax credit receivable                           | 1,081,526           | 1,799,073           |
| Pledges receivable, net                                            | <u>85,939</u>       | <u>161,626</u>      |
| Financial assets, at year end                                      | <u>8,568,648</u>    | <u>6,882,459</u>    |
| Less amounts unavailable for general expenditures within one year: |                     |                     |
| Donor restrictions                                                 | (149,493)           | (125,960)           |
| Board designations for program and capital support                 | <u>(2,264,964)</u>  | <u>(1,220,545)</u>  |
|                                                                    | <u>(2,414,457)</u>  | <u>(1,346,505)</u>  |
| Financial assets available to meet cash needs                      |                     |                     |
| for general expenditure within one year                            | <u>\$ 6,154,191</u> | <u>\$ 5,535,954</u> |

The JCC's operations are substantially supported by program fees, membership fees, grants and contributions. As part of the JCC's liquidity management, there is a policy in place to structure financial

assets to be available as obligations become due. Additionally, the JCC has access to a revolving line of credit in the amount of \$2,000,000 with Northfield Bank (see Note 8).

**Note 19 - Subsequent Events**

The JCC evaluated subsequent events through November 27, 2023 the date the financial statements were available to be issued. The JCC is not aware of any subsequent events requiring recognition or disclosure in the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
JCC of Central New Jersey, Inc.  
Scotch Plains, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the JCC of Central New Jersey, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the JCC of Central New Jersey, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the JCC of Central New Jersey, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the JCC of Central New Jersey, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the JCC of Central New Jersey, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ketcham & Tupper, LLC*

Westfield, New Jersey  
November 27, 2023

**JCC OF CENTRAL NEW JERSEY, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**A. Summary of Auditors' Results**

***Financial Statements***

|                                                                                          |                       |                                          |
|------------------------------------------------------------------------------------------|-----------------------|------------------------------------------|
| Type of auditors' report issued:                                                         | <u>Unmodified</u>     |                                          |
| Internal control over financial reporting:                                               |                       |                                          |
| • Material weakness(es) identified?                                                      | <u>          </u> yes | <u>          </u> x <u>          </u> no |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <u>          </u> yes | <u>          </u> x <u>          </u> no |
| • Non-compliance material to financial statements noted?                                 | <u>          </u> yes | <u>          </u> x <u>          </u> no |

**B. Financial Statement Findings**

None