

**THE JEWISH FEDERATION OF
GREATER ORLANDO, INC.**

FINANCIAL STATEMENTS

**YEARS ENDED
August 31, 2020 and 2019**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 22



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Jewish Federation of Greater Orlando, Inc.

We have audited the accompanying financial statements of The Jewish Federation of Greater Orlando, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation of Greater Orlando, Inc. as of August 31, 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 17, 2021

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2020 AND 2019

	ASSETS	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 497,340	\$ 500,481
Accounts receivable, primarily from local agencies, net	157,768	149,446
Contributions receivable, net	210,315	178,524
Other assets	88,133	39,127
Asset held by T.O.P. Foundation	1,720,650	874,489
Interest in net assets of T.O.P. Foundation	2,525,598	2,435,073
Assets held under charitable gift annuities	240,766	240,566
Property and equipment, net	3,654,257	3,801,210
Assets held for sale	-	2,829,803
TOTAL ASSETS	\$ 9,094,827	\$ 11,048,719
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable and accrued expenses	\$ 80,937	\$ 118,336
Grants and allocations payable to affiliates	41,685	121,583
Liability under charitable gift annuities	122,303	129,525
Deferred income	190,400	-
Long-term debt, net	-	2,037,050
Total liabilities	435,325	2,406,494
NET ASSETS		
Without donor restrictions		
Unrestricted	2,017,723	1,161,706
Unrestricted - Interest in net assets of T.O.P. Foundation	2,343,011	2,254,056
Unrestricted - Designated for property and equipment	3,654,257	4,593,963
Unrestricted - Board designated	168,593	168,593
With donor restrictions	475,918	463,907
Total net assets	8,659,502	8,642,225
TOTAL LIABILITIES AND NET ASSETS	\$ 9,094,827	\$ 11,048,719

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions	\$ 506,643	\$ -	\$ 506,643	\$ 446,590	\$ -	\$ 446,590
T.O.P. BP settlement	-	-	-	304,167	-	304,167
Contributions - capital campaign	-	-	-	-	452,086	452,086
Payroll Protection Program loan	70,200	-	70,200	-	-	-
Program fees and sponsorships	148,350	35,190	183,540	93,410	65,404	158,814
Grant revenue	8,253	-	8,253	8,900	-	8,900
Rental income - local agencies	519,615	-	519,615	742,732	-	742,732
T.O.P. management fee income	131,201	-	131,201	133,599	-	133,599
Investment income	77,158	1,571	78,729	43,357	(10,268)	33,089
Miscellaneous income	8,319	-	8,319	28,181	-	28,181
Adjustment to value of assets held for sale	-	-	-	217,303	-	217,303
Change in value of charitable gift annuities	-	7,422	7,422	-	(7,885)	(7,885)
Net assets released from restrictions	32,172	(32,172)	-	538,251	(538,251)	-
Total revenues and support	1,501,911	12,011	1,513,922	2,556,490	(38,914)	2,517,576
EXPENSES						
Program services	611,460	-	611,460	612,528	-	612,528
Facility	550,927	-	550,927	669,677	-	669,677
Management and general	165,195	-	165,195	213,332	-	213,332
T.O.P. management fees	110,555	-	110,555	128,323	-	128,323
Fundraising	257,532	-	257,532	221,890	-	221,890
Total expenses	1,695,669	-	1,695,669	1,845,750	-	1,845,750
CHANGE IN NET ASSETS BEFORE CHANGE IN INTEREST IN NET ASSETS OF T.O.P. FOUNDATION	(193,758)	12,011	(181,747)	710,740	(38,914)	671,826
Change in interest in net assets of T.O.P. Foundation	199,024	-	199,024	7,465	-	7,465
CHANGE IN NET ASSETS	5,266	12,011	17,277	718,205	(38,914)	679,291
NET ASSETS, BEGINNING OF YEAR	8,178,318	463,907	8,642,225	7,460,113	502,821	7,962,934
NET ASSETS, END OF YEAR	\$ 8,183,584	\$ 475,918	\$ 8,659,502	\$ 8,178,318	\$ 463,907	\$ 8,642,225

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,277	\$ 679,291
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	209,364	219,511
Noncash interest expense	29,805	7,450
Amortization of pledge discount	-	(2,573)
Adjustment to value of assets held for sale	-	(217,303)
Bad debt expense	38,965	1,249
Income from assets held by T.O.P. Foundation	(209,016)	(165,036)
Change in value of charitable gift annuities	(7,422)	7,885
Change in operating assets and liabilities:		
Increase in accounts receivable, primarily from local agencies	(8,322)	(33,451)
Decrease (increase) in contributions receivable	(70,756)	111,731
Decrease (increase) in other assets	(49,006)	1,560
Increase in distributions from interest in net assets of T.O.P. Foundation	138,322	100,412
Decrease in accounts payable and accrued expenses	(37,399)	(98,456)
Increase (decrease) in grants and allocations payable to affiliates	(79,898)	19,836
Increase in deferred income	190,400	-
Net cash provided by operating activities	162,314	632,106
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets held for sale, net	2,829,803	-
Increase in interest in net assets held by T.O.P. Foundation	(228,847)	(6,870)
Net distributions (contributions) from assets held by T.O.P. Foundation	(637,145)	101,532
Purchase of property and equipment	(62,411)	(14,520)
Net cash provided by investing activities	1,901,400	80,142
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(2,066,855)	(712,488)
Net decrease in cash and cash equivalents	(3,141)	(240)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	500,481	500,721
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 497,340	\$ 500,481
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 11,483	\$ 55,919

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2020

	Program Services	Facility	Supporting Services			Total
			Management and General	T.O.P. Management Fees	Fundraising	
Salaries	\$ 108,732	\$ 72,000	\$ 30,834	\$ -	\$ 27,106	\$ 238,672
Employee benefits	4,259	148	3,324	-	1,330	9,061
Payroll taxes	9,413	5,800	2,897	-	2,218	20,328
Total salaries and benefits	122,404	77,948	37,055	-	30,654	268,061
Grants and allocations to Jewish Academy of Orlando	181,380	-	-	-	-	181,380
Grants and allocations to affiliated organizations	159,418	-	-	-	-	159,418
Professional fees	59,103	81,100	31,107	-	126,574	297,884
Programs and events	77,334	248	3,036	-	50,041	130,659
Conferences	5,272	-	739	-	143	6,154
Advertising and marketing	999	-	350	-	1,469	2,818
Grants and awards	983	-	877	-	2,119	3,979
Occupancy costs	-	596	24,831	-	-	25,427
Facility administration	203	160,839	8,928	-	-	169,970
Bad debts	3,451	40	-	-	35,474	38,965
T.O.P. management fees	-	-	-	110,555	-	110,555
Bank fees	8	-	10,164	-	9	10,181
Insurance	197	2,400	6,323	-	-	8,920
Interest	-	11,483	-	-	-	11,483
Miscellaneous	-	2,798	3,735	-	320	6,853
Office machines (purchase, rentals and maintenance) and other maintenance	-	489	471	-	-	960
Office supplies	-	1,835	2,666	-	712	5,213
Postage	45	-	-	-	951	996
Printing	450	-	851	-	8,202	9,503
Recruiting	213	-	2,193	-	864	3,270
Telephone and internet	-	1,787	2,064	-	-	3,851
Total expenses before depreciation	489,056	263,615	98,335	110,555	226,878	1,188,439
Depreciation and amortization	-	209,364	29,805	-	-	239,169
\$ 611,460	\$ 550,927	\$ 165,195	\$ 110,555	\$ 257,532	\$ 1,695,669	

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2019

	Program Services	Facility	Supporting Services			Total
			Management and General	T.O.P. Management Fees	Fundraising	
Salaries	\$ 127,530	\$ 76,723	\$ 47,400	\$ -	\$ 80,548	\$ 332,201
Employee benefits	4,912	141	1,504	-	5,187	11,744
Payroll taxes	10,926	6,436	3,844	-	6,583	27,789
Total salaries and benefits	143,368	83,300	52,748	-	92,318	371,734
Grants and allocations to Jewish Academy of Orlando	202,923	-	-	-	-	202,923
Grants and allocations to affiliated organizations	143,249	-	-	-	-	143,249
Professional fees	49,723	-	46,536	-	65,475	161,734
Programs and events	50,669	-	688	-	37,291	88,648
Conferences	17,430	2,433	2,344	-	3,050	25,257
Advertising and marketing	990	-	1,220	-	3,167	5,377
Occupancy costs	-	-	59,003	-	-	59,003
Facility administration	-	307,347	-	-	-	307,347
Bad debts	-	-	-	-	1,249	1,249
T.O.P. management fees	-	-	-	128,323	-	128,323
Bank fees	-	-	16,002	-	3,742	19,744
Insurance	-	-	9,667	-	-	9,667
Interest	-	55,919	-	-	-	55,919
Miscellaneous	3,607	373	8,340	-	6,239	18,559
Office machines (purchase, rentals and maintenance) and other maintenance	487	-	651	-	-	1,138
Office supplies	43	-	2,321	-	1,336	3,700
Postage	-	-	638	-	2,316	2,954
Printing	-	794	32	-	4,107	4,933
Recruiting	39	-	2,400	-	1,600	4,039
Telephone and internet	-	-	3,292	-	-	3,292
Total expenses before depreciation	469,160	366,866	153,134	128,323	129,572	1,247,055
Depreciation	-	219,511	7,450	-	-	226,961
	\$ 612,528	\$ 669,677	\$ 213,332	\$ 128,323	\$ 221,890	\$ 1,845,750

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE A – DESCRIPTION OF THE ORGANIZATION

The Jewish Federation of Greater Orlando, Inc. (the "Federation") is a not-for-profit organization formed to provide social, financial, and human resource services to affiliated Jewish organizations in the Central Florida Jewish Community. The Federation's primary mission is to foster and enhance the Jewish Community's relationship with the State of Israel while promoting both the welfare and education of Jews in Central Florida.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

See Note J for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Federation to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. The Federation did not have any of these net assets at August 31, 2020 and 2019.

See Note K for more information on the composition of net assets with donor restrictions.

2. Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

3. Cash and Cash Equivalents

Cash equivalents includes all highly liquid debt instruments purchased with a maturity date of three months or less.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Financial Instruments

The Federation reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 are described below:

Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts receivable, contributions receivable due in one year or less, accounts payable and accrued expenses and grants and allocations payable to affiliates. The fair value of long-term debt is estimated based on the current rates that would be available for debt of similar terms which is not significantly different from its stated value.

Level 1 financial assets include assets held under charitable gift annuities held by Jewish Federation of North America (see Note M) and consist of pooled investments in money market funds, bonds and equity securities.

The Federation's Level 2 financial assets include contributions receivable due in more than one year, as shown in Note D, which are recorded at their net present value using U.S. Treasury rates in effect at the date the contribution was made based on the number of years the pledge will be paid. Level 2 financial assets also include assets held by T.O.P. Foundation and an interest in net assets of T.O.P. Foundation as shown in Note E. These assets are held by T.O.P. Foundation and consist of pooled investments in money market funds, bonds and equity securities.

Level 2 financial liabilities include the liability under charitable gift annuities which are recorded at their net present value based on future estimated cash flows and actuarial assumptions.

The Federation has no Level 3 financial assets or liabilities.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Charitable Gift Annuities

Assets held under charitable gift annuities are held and invested by the Jewish Federation of North America and are recorded at fair value when received. The present value of the estimated future payments to the named beneficiaries is recorded as a liability under charitable gift annuities. The difference between these amounts is recorded as with donor restriction contributions. Income earned on charitable gift annuities, including realized and unrealized gains and losses, and adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recorded as change in value of charitable gift annuities in the statements of activities. Upon death of the beneficiaries, the assets, net of any related liabilities, are released from with donor restrictions and reclassified to without donor restrictions.

6. Accounts Receivable

Accounts receivable primarily represent amounts due from local agencies for rental income and is recognized and billed on a monthly basis based on tenant occupancy. The Federation periodically evaluates collections based on historical experience and records an allowance when necessary. As of August 31, 2020 and 2019, \$181,380 and \$202,923, respectively, was gifted to JAO as a grant.

7. Property and Equipment

Property and equipment are stated at cost except for donated property which is stated at the estimated fair value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved, and any gain or loss included in operations.

It is the Federation's policy to capitalize additions that are greater than \$1,000 and have a useful life of at least two years individually. Depreciation is determined on the straight-line method over the estimated useful lives of the respective assets as follows:

Land and improvements	15 – 30 years
Buildings and improvements	5 – 40 years
Furniture and equipment	3 – 40 years

8. Impairment of Long-Lived Assets and Assets Held for Sale

The Federation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Impairment of Long-Lived Assets and Assets Held for Sale (continued)

In August 2017, the Federation's Board of Directors made the decision to sell a portion of the land and building and equipment on the Federation's campus. As a result, the Federation recorded an impairment loss of \$1,911,873 related to this property held for sale, which was included in the statement of activities during the year ended August 31, 2017. Fair value for this property was based on a sales offer for the property. In October 2019, the assets held for sale were sold for \$2,850,000.

9. Grants and Allocations Payable and Affiliates

Grants and allocations payable to affiliates represent grants approved by the Board of Directors to affiliated Jewish organizations overseas based on allocations of the organization's fair share dues required by the Jewish Federation of North America.

10. Loan Costs

Loan costs are amortized using the straight-line method which approximates the effective interest method, over the term of the debt instrument and are presented as a direct deduction from the debt liability, consistent with the presentation of a debt discount. For the years ended August 31, 2020 and 2019, amortization expense totaled \$29,805 and \$7,450, respectively.

11. Contributions and Donor-Imposed Restrictions

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Federation adopted ASC 958 and all related amendments effective September 1, 2019. The adoption of the new standard had no significant impact on the Federation's financial statements.

Unconditional promises to give are recognized as contributions in the period received at their fair value. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date received. Contributions to be received beyond one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue.

Revenues and support are considered to be available for general expenditures unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as with donor restricted support that increases those net asset classes.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Contributions and Donor-Imposed Restrictions (continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Federation reports the support as without donor restrictions.

12. Revenue Recognition

Program fees and sponsorships are recognized as revenue when the related program or event takes place.

13. Rental Income and Commitments

The Federation acts as a landlord and rents space in its buildings on the Maitland campus to other Jewish non-profit affiliates under lease agreements which mature on various dates from 2025 to 2027. Operating rent is charged based on square footage occupied and other costs are charged related to debt service on the buildings, major reserves for capital replacement and information technology expenses. Rental income from local agencies consists of the following:

<i>Year Ended August 31,</i>	<u>2020</u>	<u>2019</u>
Operating and maintenance	\$ 394,343	\$ 328,228
Debt service costs	23,201	278,411
Major reserves	<u>102,071</u>	<u>136,094</u>
	<u>\$ 519,615</u>	<u>\$ 742,733</u>

The debt service costs were reduced in 2020 due to the assets held for sale being sold in October 2019. These costs were derived from the loan amount that was subsequently paid off after the sale.

In the year ended August 31, 2020, the JAO's share of the above allocated cost was \$132,687, of which \$124,190 was provided as a grant to the JAO. In the year ended August 31, 2019, the JAO's share of the above allocated cost was \$242,801, of which \$202,923 was provided as a grant to the JAO.

14. Functional Expenses

Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on their relative functional activity.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Income Taxes

The Federation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Federation identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statements of financial position. The Federation has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Federation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Federation's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

16. Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

17. Recent Accounting Pronouncements

Financial Statement Presentation of Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective in fiscal 2019 and the Federation changed its presentation of net assets classes and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

17. Recent Accounting Pronouncements (continued)

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2020, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Federation is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Federation is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

18. Risks and Uncertainty

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

18. Risks and Uncertainty (continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Federation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Federation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

NOTE C – INVESTMENT INCOME

Investment income consists of the following:

	2020	2019
Investment income from assets held by T.O.P. Foundation:		
Interest Income	\$ 23,849	\$ 18,857
Net realized and unrealized gain	53,966	12,580
Investment income from assets held by T.O.P.	77,815	31,437
Other interest income	914	1,652
Total investment income	\$ 78,729	\$ 33,089

NOTE D – CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give and are recorded when the promises to contribute are made. Contributions receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Federation provides an allowance for uncollectible contributions at the time revenues are recorded and re-evaluates and adjusts the allowance periodically based on historical collection experience. Contributions receivable are due as follows:

<i>August 31,</i>	2020	2019
Less than one year	\$ 215,718	\$ 186,448
One to five years	-	-
	215,718	186,448
Less: allowance for doubtful accounts	(5,259)	(7,780)
Less: present value discount at 4.9%	(144)	(144)
	\$ 210,315	\$ 178,524

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE E – T.O.P. JEWISH FOUNDATION

T.O.P. Jewish Foundation Inc., (T.O.P. or T.O.P. Foundation) is a financially interrelated organization established by the Jewish Federations of Tampa, Orlando and Pinellas to enhance fundraising for the three federations. T.O.P. receives gifts, bequests and contributions for the purpose of using, distributing and investing the principal and/or income for charitable, educational and religious purposes within the Jewish community. Each of the three federations is represented on the Board of T.O.P. and appoints trustees to serve on the grant committee.

The three federations share in certain expenses of T.O.P. The Federation recorded \$110,555 and \$128,323 of management fee expense for their share during the years ended August 31, 2020 and 2019, respectively, and is shown as T.O.P. management fees in the accompanying statements of functional expenses.

The Federation received distributions totaling \$54,981 from funds held at T.O.P. These are distributions of assets, therefore they are not included as a contribution on the Statements of Activities.

The Federation accounts for assets transferred to T.O.P. and its interest in the net assets of T.O.P. in accordance with FASB Accounting Standards "Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others" as follows:

Assets held by T.O.P. Foundation

The Federation has transferred assets to T.O.P. for which the principal and investment returns are to be used for various operating needs. These are considered managed funds and are recorded as Assets Held by T.O.P. Foundation on the accompanying statements of financial position. The Federation earns management fees and investment income on these managed funds which are recorded as investment income (see Note C).

In 2014, T.O.P. filed a claim with the Deepwater Horizon Court Supervised Settlement Program ("BP Settlement Program"), due to the adverse effect the 2010 BP Gulf Spill had on T.O.P. In December of 2018, the T.O.P. board approved the distribution of \$912,500 of the Settlement proceeds equally to the member communities (i.e. \$304,167 each). In addition, each member agreed to fund "The Al Schiff Operating Reserve Fund" \$33,333 in three annual installments of \$11,111 beginning in December 31, 2018, with the remaining installments on or before December 31, 2019 and December 31, 2020.

Assets held by T.O.P. Foundation include \$168,593 as of August 31, 2020 and 2019, designated by the Board of Directors for certain programs.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE E – T.O.P. JEWISH FOUNDATION (continued)

Interest in Net Assets of T.O.P. Foundation

The Federation's interest in the net assets of T.O.P. Foundation as recorded on the accompanying statements of financial position includes assets received and held by T.O.P. for which the Federation is specified as the beneficiary and are accounted for similar to the equity method since the Federation and T.O.P. are considered financially interrelated organizations for accounting purposes. These assets include donor advised or endowment funds from which the Federation or a third party receives distributions as specified by the donor. The change in interest in net assets is recorded as without donor restrictions if the Federation has variance power or is the party designated to receive distributions without donor restriction and as with donor restrictions if the distributions are restricted for third parties or a specific purpose. The change in value of these assets is recorded as change in interest in net assets of T.O.P. Foundation on the accompanying statements of activities.

Changes in the Federation's assets held by T.O.P. Foundation and interest in net assets of T.O.P. Foundation are as follows:

	Assets Held By T.O.P. Foundation	Interest in Net Assets of T.O.P. Foundation
Balance, August 31, 2018	\$ 810,985	\$ 2,528,615
Contributions	304,815	53
Net realized / unrealized gains	12,580	9,604
Interest income	18,857	48,335
Management fee income (expense)	133,599	(51,122)
Distributions to the Federation	(406,347)	(100,412)
Balance, August 31, 2019	874,489	2,435,073
Contributions	848,181	29,823
Net realized / unrealized gains	53,966	182,172
Interest income	23,849	52,333
Management fee income (expense)	131,201	(35,481)
Distributions to the Federation	(211,036)	(138,322)
Balance, August 31, 2020	\$ 1,720,650	\$ 2,525,598

Philanthropic Funds of T.O.P. Foundation

The Federation is also specified as the beneficiary in certain philanthropic funds received by T.O.P. However, T.O.P. has variance power over these funds which gives T.O.P. the ability to distribute these funds to beneficiaries other than the Federation. Therefore, the Federation does not record the beneficial interest in these funds in its financial statements until they are distributed to the Federation, at which time they are recorded as contributions.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE F – PROPERTY AND EQUIPMENT

Property, furniture, and equipment and accumulated depreciation at August 31, 2020 and 2019 are summarized by major classifications as follows:

	2020	2019
Land and improvements	\$ 720,654	\$ 720,654
Buildings and improvements	10,442,720	10,410,739
Furniture and equipment	678,670	648,240
	11,842,044	11,779,633
Less: accumulated depreciation	(8,187,787)	(7,978,423)
	<u>\$ 3,654,257</u>	<u>\$ 3,801,210</u>

NOTE G – LONG-TERM DEBT

In April 2013, the Federation refinanced the principal balances of a tax-exempt bond of \$4,070,000, a taxable bond of \$750,000, an interest rate swap termination fee of \$857,657 and closing costs of \$112,343 into two notes payable ("Term Loan A and Term Loan B") with a bank (the "Term Loans"). The original principal amounts for Term Loan A and Term Loan B were \$4,070,000 and \$1,720,000, respectively, and accrue interest at rates of 2.45% and at 3.75%, respectively. Principal payments under the term loans are due monthly with a balloon payment due when the Term Loans mature on March 31, 2023. There is no prepayment penalty. The Term Loans are subject to certain financial covenants and are collateralized by property and equipment of the Federation.

The outstanding balance of Term Loan B was paid off during fiscal 2017. The outstanding balance of Term Loan A was \$2,066,855 as of August 31, 2019. The balance of Term Loan A was paid off during fiscal 2020.

NOTE H – PAYROLL PROTECTION PROGRAM LOAN

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. Under the CARES Act, the Paycheck Protection Program was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead. On April 22, 2020, the Federation, through a financial institution, was approved for a loan in the amount of \$70,200 under this program. The proceeds of the loan shall be used by the Federation solely for the following transactions as set forth in Section 1102 of the CARES Act: (a) payments of "payroll costs", (b) cost related to the continuation of group healthcare benefits, during period of paid sick, medical or family leave and insurance premium, (c) employee salaries, commissions or similar compensation, (d) payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation), (e) payments on rent (including rent under a lease agreement), (f) utilities, and (g) interest on any other debt obligation that were incurred before the covered period. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Future principal maturities for the two-years succeeding August 31, 2020 are estimated as \$29,560 for 2021 and \$40,640 for 2022.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE H – PAYROLL PROTECTION PROGRAM LOAN (continued)

However, in December 2020, subsequent to the financial statements, management obtained forgiveness of the loan.

NOTE I – SOUTH ORLANDO CAMPUS SALE

On October 8, 2014, the Federation sold assets located at 11184 S. Apopka-Vineland in Orlando (the "Jewish Community Center in South Orlando") to the Harris Rosen Foundation (the "Foundation") for \$500,000. These assets included land, a building to be operated as a Jewish Community Center in perpetuity and all furniture, fixtures and equipment. At the date of sale, these assets had a net book value of \$4,996,631. The difference between the sales price and the net book value of \$4,496,631 was recorded in fiscal year 2015 as a grant to the Foundation. The Foundation was the largest and main contributor to the capital campaign that built the Jewish Community Center in South Orlando, donating \$5,108,712. The Center has been named after Harris Rosen's parents and is known as the "Rosen JCC."

In connection with the sale, the Foundation and the Federation agreed to the following:

Restriction on Future Debt

The Federation agrees to not incur any additional capital debt until the existing liability on the Maitland Campus is retired (see Note G), with the exception of unforeseen events or emergencies as defined by the agreement. The debt was retired with the proceeds of the assets held for sale (See Note B-8) on October 18, 2019.

Conditional Pledge from the Foundation

The Foundation agrees and promises to contribute \$1,000,000 to the Federation, to be paid on a dollar-for-dollar matching basis as the Federation raises \$1,000,000 in capital contributions by the Orlando Jewish Community through the Federation within three years from the public announcement of the start of the capital campaign which was April 2016. As of August 31, 2019, the Federation has raised approximately \$754,000 in matching contributions. During fiscal 2019, the Federation recorded \$250,776 of matching contributions which is based on capital pledge payments received during the fiscal year.

Right of First Refusal

In the event that the Foundation receives an offer to purchase the property that the Foundation is willing to accept, the Federation shall have the right of first refusal to purchase the property at a price equal to \$500,000, plus applicable cost of living increase from the date of closing.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE J – NET ASSETS WITHOUT DONOR RESTRICTIONS

The net assets without donor restrictions is comprised of undesignated, interest in net assets of T.O.P. Foundation, designated for property and equipment, and Board designated amounts for the following purposes as of August 31:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,947,523	\$ 1,161,706
Interest in net assets of T.O.P. Foundation	2,343,011	2,254,056
Designated for property and equipment	3,654,257	4,593,963
Board designated	<u>168,593</u>	<u>168,593</u>
	<u>\$ 8,113,384</u>	<u>\$ 8,178,318</u>

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended August 31, 2020 and 2019 are included in the statements of functional expenses.

Interest in Net Assets of T.O.P. Foundation

The change in interest in net assets is recorded as without donor restrictions if the Federation has variance power or is the party designated to receive distributions without donor restriction.

Board Designated

The Board has designated a specific amount of assets held by T.O.P. Foundation to be used for certain programs in the future.

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of August 31:

	<u>2020</u>	<u>2019</u>
RAISE Program	\$ 152,618	\$ 149,600
Beit Hamadrash Travel Program	18,500	18,500
Charitable gift annuities (Note M)	118,463	111,041
Campus 2020 contributions receivable	3,750	3,750
Interest in net assets of T.O.P Foundation:		
Jewish Family Services	84,056	83,609
JFS Scholarship Fund	42,921	43,946
Ohev Shalom Memorial Fund	21,304	20,129
Holocaust Memorial Resource and Education		
Central Florida	18,426	18,328
Jewish Academy of Orlando Judaica Collection		
Endowment Fund	<u>15,880</u>	<u>15,004</u>
	<u>\$ 475,918</u>	<u>\$ 463,907</u>

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE L – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2020	2019
Campus 2020	\$ -	\$ 502,205
RAISE Program	39,394	43,410
Transfer of charitable gift annuities from net assets without donor restrictions	(7,222)	(7,364)
	\$ 32,172	\$ 538,251

NOTE M – ASSETS HELD UNDER CHARITABLE GIFT ANNUITIES

The assets and liabilities related to the charitable gift annuities are as follows:

	Assets Held Under Charitable Gift Annuities	Liabilities Under Charitable Gift Annuities	With Donor Restrictions Net Assets
August 31, 2020	\$ 240,766	\$ 122,303	\$ 118,463
August 31, 2019	\$ 240,566	\$ 129,525	\$ 111,041

During fiscal 2020 and 2019, there were no releases from restrictions upon the death of beneficiary and the value of charitable gift annuities increased by \$7,422 and decreased by \$7,885, respectively.

NOTE N – GRANTS AND ALLOCATIONS TO AFFILIATED ORGANIZATIONS

The Federation receives grants throughout the year that are earmarked for specific affiliated organizations. Grants and allocations to affiliated organization consists of the following:

Year Ended August 31,	2020	2019
Grants and donations paid through T.O.P.	\$ 105,257	\$ 63,920
Jewish Family Services Rabbi Grant	20,000	19,950
Sister City allocation	18,062	11,000
Jewish education program grants	10,900	10,000
Other	5,199	7,093
Jewish Federations of North America allocation	-	31,286
	\$ 159,418	\$ 143,249

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE O – SUBSEQUENT EVENTS

The Federation has evaluated events and transactions occurring subsequent to August 31, 2020 as of March 17, 2021, which is the date the financial statements were available to be issued. Subsequent events occurring after March 17, 2021 have not been evaluated by management. No material events have occurred since August 31, 2020 that require recognition or disclosure in the financial statements.

NOTE P – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related payroll expense which are allocated based on the estimated portion of time spent relative to each function. All other expenses are allocated based on their relative functional activity.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE Q – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Federation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$ 497,340	\$ 500,481
Accounts receivable, primarily from local agencies, net	157,768	149,446
Contributions receivable, net	210,315	178,524
Asset held by T.O.P. Foundation	1,720,650	874,489
Total financial assets available within one year	2,586,073	1,702,940
Less:		
Amounts unavailable for general expenditures within one year due to:		
Accounts payable and accrued expenses	80,937	118,336
Grants and allocations payable to affiliates	41,685	121,583
Deferred income	190,400	-
Total amounts unavailable for general expenditures within one year	313,022	239,919
Amounts unavailable to management without Board's approval:		
Board designated funds	168,593	168,593
Facility Management Committee reserve	887,811	411,413
Total amounts unavailable to management without Board's approval	1,056,404	580,006
Amounts restricted by donors with purpose restrictions:		
RAISE Program	152,618	149,600
Total amounts restricted by donors with purpose restrictions	152,618	149,600
Total financial assets available within one year	<u>\$ 1,064,029</u>	<u>\$ 733,415</u>

As part of the Federation'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. The Federation has board designated net assets without donor restrictions that, while the Federation does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.