

**Jewish Community Relations Council
of Greater Boston, Inc.**

Financial Statements

September 30, 2021

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Index

September 30, 2021

Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors of
Jewish Community Relations Council of Greater Boston, Inc.

We have audited the accompanying financial statements of Jewish Community Relations Council of Greater Boston, Inc. (a nonprofit organization), (the Council), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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 Council as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Council for the year ended September 30, 2020 were audited by another auditor whose report dated March 3, 2021, included an emphasis-of-matter indicating that the Council has adopted ASU 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*, as well as an emphasis-of-matter indicating certain restatements as a result of the correction of an error and a change in accounting policy, and expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Braintree, Massachusetts

March 31, 2022

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Financial Position

As of September 30, 2021

With Comparative Totals as of September 30, 2020

Assets		
Current Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,811,800	\$ 989,775
Investments	-	18,087
Accounts receivable, net	3,966	1,004
Promises to give	55,686	307,278
Prepaid expenses	<u>11,227</u>	<u>17,253</u>
Total current assets	<u>1,882,679</u>	<u>1,333,397</u>
Fixed Assets		
Furniture and fixtures	5,387	-
Less: accumulated depreciation	<u>(224)</u>	<u>-</u>
Total net fixed assets	<u>5,163</u>	<u>-</u>
Other Assets		
Notes receivable	<u>153,969</u>	<u>153,969</u>
Total Assets	<u>\$ 2,041,811</u>	<u>\$ 1,487,366</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 9,977	\$ 14,570
Accrued expenses	124,382	107,120
Note payable - current	6,214	6,214
Note payable - paycheck protection program	<u>273,997</u>	<u>311,955</u>
Total current liabilities	<u>414,570</u>	<u>439,859</u>
Long Term Liabilities		
Note payable - net of current portion and discount	<u>131,667</u>	<u>134,808</u>
Total Liabilities	<u>546,237</u>	<u>574,667</u>
Net Assets		
Net assets without donor restrictions	1,038,116	348,668
Net assets with donor restrictions	<u>457,458</u>	<u>564,031</u>
Total net assets	<u>1,495,574</u>	<u>912,699</u>
Total Liabilities and Net Assets	<u>\$ 2,041,811</u>	<u>\$ 1,487,366</u>

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

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Activities

For the Year Ended September 30, 2021

With Comparative Totals for the Year Ended September 30, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenue and Support				
Contributions	\$ 1,555,370	\$ 457,458	\$ 2,012,828	\$ 2,383,423
Special events	251,778	-	251,778	9,316
In-kind donations	3,420	-	3,420	89,825
Released from restrictions	564,031	(564,031)	-	-
Investment income, net	16,360	-	16,360	3,418
	<u>2,390,959</u>	<u>(106,573)</u>	<u>2,284,386</u>	<u>2,485,982</u>
Expenses				
Program services	1,563,153	-	1,563,153	1,870,120
General and administrative	281,371	-	281,371	306,661
Fundraising	165,869	-	165,869	201,298
	<u>2,010,393</u>	<u>-</u>	<u>2,010,393</u>	<u>2,378,079</u>
Change in Net Assets from Operations	<u>380,566</u>	<u>(106,573)</u>	<u>273,993</u>	<u>107,903</u>
Non-Operating Revenue (Expenses)				
Forgiveness of debt	311,955	-	311,955	-
Accretion of discount on note payable	(3,073)	-	(3,073)	(3,073)
	<u>308,882</u>	<u>-</u>	<u>308,882</u>	<u>(3,073)</u>
Change in Net Assets	689,448	(106,573)	582,875	104,830
Net Assets at Beginning of Year	<u>348,668</u>	<u>564,031</u>	<u>912,699</u>	<u>807,869</u>
Net Assets at End of Year, as restated	<u>\$ 1,038,116</u>	<u>\$ 457,458</u>	<u>\$ 1,495,574</u>	<u>\$ 912,699</u>

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

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Cash Flows

For the Year Ended September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 582,875	\$ 104,830
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	224	-
Accretion of discount on notes payable	3,073	3,073
Donated stock	-	(9,921)
Unrealized/Realized gains on investments	(7,485)	3,891
Forgiveness of debt	(311,955)	-
Decrease (increase) in assets:		
Accounts receivable, net	(2,962)	(1,004)
Promises to give	251,592	(287,267)
Prepaid expenses	6,026	18,222
Increase (decrease) in liabilities:		
Accounts payable	(4,593)	(45,103)
Accrued expenses	17,262	(112,026)
Net Cash Provided by (Used in) Operating Activities	<u>534,057</u>	<u>(325,305)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	25,941	-
Purchase of fixed assets	(5,387)	-
Purchase of investments	(369)	(560)
Net Cash Provided by (Used in) Investing Activities	<u>20,185</u>	<u>(560)</u>
Cash Flows from Financing Activities		
Proceeds from note payable - paycheck protection program	273,997	311,955
Proceeds from note payable	-	20,003
Payments on note payable	(6,214)	(6,214)
Net Cash Provided by Financing Activities	<u>267,783</u>	<u>325,744</u>
Net Increase (Decrease) in Cash and Cash Equivalents	822,025	(121)
Cash and Cash Equivalents - Beginning	<u>989,775</u>	<u>989,896</u>
Cash and Cash Equivalents - Ending	\$ <u><u>1,811,800</u></u>	\$ <u><u>989,775</u></u>

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

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2021

With Comparative Totals for the Year Ended September 30, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries	\$ 860,596	\$ 138,891	\$ 85,590	\$ 1,085,077	\$ 1,386,627
Payroll taxes	62,296	10,053	6,196	78,545	100,267
Fringe benefits	152,018	24,534	15,119	191,671	252,507
Subtotal	<u>1,074,910</u>	<u>173,478</u>	<u>106,905</u>	<u>1,355,293</u>	<u>1,739,401</u>
Bank charges	3,989	719	541	5,249	3,877
Consultants	283,227	25,903	22,578	331,708	160,159
Depreciation	224	-	-	224	-
Dues and subscriptions	7,026	-	1,103	8,129	6,567
Equipment	2,346	423	561	3,330	9,240
Equipment rental and maintenance	88	16	12	116	532
In-kind legal services	-	3,420	-	3,420	89,825
Insurance	12,498	2,253	1,694	16,445	13,024
Meals	369	37	35	441	6,558
Meeting expenses	4,726	816	644	6,186	7,693
Membership fees	713	128	502	1,343	-
Miscellaneous expenses	2,247	-	-	2,247	9,173
Mission travel	-	-	-	-	61,422
Occupancy	108,338	19,529	14,683	142,550	142,501
Payroll service charges	7,208	1,299	977	9,484	9,397
Postage	1,215	195	212	1,622	978
Printing	8,067	827	13,314	22,208	21,629
Professional fees	-	49,920	-	49,920	58,087
Program meeting space	13,149	-	-	13,149	286
Program speakers	5,500	-	-	5,500	500
Sponsorships	-	-	-	-	600
Staff training	3,135	565	575	4,275	5,729
Supplies	559	99	78	736	2,063
Telephone	2,933	309	233	3,475	3,422
Travel	20,686	1,435	1,222	23,343	25,416
	<u>\$ 1,563,153</u>	<u>\$ 281,371</u>	<u>\$ 165,869</u>	<u>\$ 2,010,393</u>	<u>\$ 2,378,079</u>

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

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Jewish Community Relations Council of Greater Boston, Inc. (the Council) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Council was founded in 1944 and was incorporated in 1973 in the Commonwealth of Massachusetts as a not-for-profit corporation. Rooted in Jewish values and informed by Jewish history, the Council serves as the representative voice of the organized Jewish Community in the greater Boston area. The Council's mission also reflects the ideals of American democracy while serving as a catalyst for building a strong and vibrant Jewish community in Boston and around the world. The Council advocates for a safe and secure, democratic Jewish state of Israel and promotes an American society which is democratic, pluralistic, and just.

In pursuit of its goals, the Council pursues an action agenda by forging collaborative partnerships within the Jewish community, and between the Jewish community and the broader society. Through our network of agencies, our programs, and our partnerships, the Council advocates on issues of Jewish communal concern and builds coalitions for effective action and opportunities for community involvement and convenes the community in times of crisis, celebration, and commemoration.

These purposes are accomplished through the following program activities:

Community Engagement – The Council works to engage members of Boston's Jewish community in the work of social justice through community service and community organizing, in partnership with other faith communities and a range of community-based nonprofits. The social justice program areas are: The Greater Boston Jewish Coalition for Literacy, which mobilizes hundreds of volunteers to provide weekly tutoring to elementary school children in under resourced urban elementary schools. The Council also provides Holocaust programming and education, in conjunction with the New England Holocaust Memorial.

Immigrant and Refugee Support – The Council takes a multi-pronged approach to stand in solidarity with our immigrant neighbors, including organizing Sanctuary Clusters and Immigration Detention Accompaniment. Since September of 2021 we have been part of a comprehensive network welcoming Afghan immigrants and refugees into our community and have organized 35 congregational support teams, including 25 synagogues, in order to welcome some 200 Afghan individuals and families.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(a) *Nature of Activities - continued*

Israel Engagement - The Council is committed to engaging with people from diverse backgrounds to foster civil dialogue and build support for Israel, the national homeland of the Jewish people. The Council pursues these goals by engaging in work such as community education, cultivating relationships throughout greater Boston, leading Study Tours to Israel with community leaders and supporting national efforts through our partnerships with the Jewish Council for Public Affairs. Study Tour participants are strategically selected influential leaders, including clergy and elected officials.

Government Affairs - Working together with the Massachusetts Association of Jewish Federations (MAJF), the Council brings together broad coalitions of Jewish agencies, organizations and individuals, to advocate for compassionate public policies and adequate funding to assist those most in need and improve the quality of life for all. Through successful collaborations with a variety of advocacy organizations in the broader community, the Council multiplies its impact and the reach of its contacts and fosters and develops relationships with governmental officials at the federal, state and local levels in order to achieve policy successes in the budgetary, administrative and legislative arenas.

(b) *Basis of Presentation*

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Council's ongoing efforts. Non-operating expenses consist of the accretion of the discount on the Council's note payable, see Note 3 and forgiveness of debt, see Note 4.

(c) *Standards of Accounting and Reporting*

The Council's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Council are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless the underlying assets use is restricted by explicit donor stipulations or law.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or passage of time. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

(d) Cash and Cash Equivalents

The Council considers all highly liquid investments purchased with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Council maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC). At times these balances may exceed the federal insurance limits; however, the Council has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of September 30, 2021.

(e) Revenue Recognition

The Council earns revenue as follows:

The Council generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Council evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Council must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Council should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Special Events - Special event revenue is primarily derived from contributions collected. Special events revenue is recognized when earned. Special events are incidental to the Council's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Council.

During the year ended September 30, 2021, the Council derived approximately 70% of its total operating revenue from grants received from Combined Jewish Philanthropies (CJP), an unrelated nonprofit organization. In addition, during the year ended September 30, 2021, the Council received 2% of their total operating revenue from targeted gifts from donors to the Council, which flowed through CJP. The remaining 28% of total operating revenue was predominantly from various foundations and individuals. All revenue is recorded at estimated net realizable value.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(f) *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2021, management has determined any allowance would be immaterial. The Council does not have a policy to accrue interest on receivables. The Council has no policies requiring collateral or other security to secure the accounts receivable.

(g) *Promises to Give*

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of September 30, 2021, management has determined any allowance would be immaterial. All pledges receivable as of September 30, 2021 are expected to be collected during fiscal year 2022.

(h) *Fixed Assets*

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Council computes depreciation using the straight-line method over the following estimated lives:

Furniture and fixtures	7 years
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JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(i) Fundraising

Fundraising relates to the activities of raising general and specific contributions for the Council. Fundraising expenses as a percentage of total contribution and special event revenue was 7% for the year ended September 30, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon the allocation of salary.

(k) Use of Estimates

In preparing the Council's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Income Taxes

The Council qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Council is not a private foundation under Section 509(a)(1) of the IRC.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(m) Investments

The Council records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility. All investments were liquidated during the year ended September 30, 2021.

(n) Summarized Financial Information for 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses for the year ended September 30, 2020. In addition, the financial statements do not include full financial statement disclosures for the prior year. 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 Council's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

(o) Paycheck Protection Program Loan

As described at Note 4, the Council received Paycheck Protection Program (PPP) loans during the fiscal years ended September 30, 2021 and 2020. The Council has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP loans.

(p) Recent Accounting Standard Adopted

On October 1, 2020, the Council adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. On October 1, 2020, the Council adopted ASC 606 using the modified retrospective method applied to those contracts which were not completed as of October 1, 2020 (the practical expedient elected). Results for reporting periods beginning after October 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Council's historic accounting under ASC 605.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(p) Recent Accounting Standard Adopted - continued

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Council does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

On October 1, 2020, the Council adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The disclosures to the financial statements were updated to reflect the amendments in this update.

(q) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842). ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. The Council has adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(1) Summary of Significant Accounting Policies - continued

(q) Recent Accounting Standards - continued

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Council is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Council's adoption of ASU 2016-02.

(r) Reclassifications

In addition to the reclassifications described in the above disclosure, certain amounts in the prior year have been reclassified to conform to the current year presentation.

(s) Notes Receivable

Notes receivable have been valued at an amount not greater than cost, less an allowance for losses. Interest is recognized monthly as it accrues. The Council calculates allowances for uncollectible loans based on its previous loss experience. Individual loans are written off against the reserve when they are deemed uncollectible, and increases in the reserve are charged to loan loss reserve. All notes are due from Boston Community Capital, see Note 2. As of September 30, 2021, management has determined any allowance would be immaterial.

(2) Notes Receivable

In May 2006, various individuals and organizations donated funds to the Council for the purpose of loaning said funds to Boston Community Capital to assist with the development of affordable housing in the Boston area.

The Council participated directly in this initiative by entering into a note receivable with Boston Community Capital totaling \$138,969 at 2% interest dated December 12, 2004. The note required interest only payments each June with the principal balance due on June 30, 2019. During the year ended September 30, 2019, the note was extended until June 30, 2024 with an interest rate of 3%. As of September 30, 2021, the note receivable amounted to \$138,969.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(2) Notes Receivable - continued

The Council participated directly in this initiative by entering into another note receivable with Boston Community Capital totaling \$15,000 at 2% interest dated December 12, 2004. The note requires interest only payments each June with the balance due when called upon, however, it is not the Council's intention to call this note in fiscal year 2022. As of September 30, 2021, the note receivable amounted to \$15,000.

As of September 30, 2021, no notes receivable amounts are past due.

(3) Note Payable - CJP

An interest free loan in the original amount of \$186,421 was extended by CJP effective June 30, 2016 to assist the Council in funding the pension liability of a former employee as well as to repay the remaining balance on an old CJP note. On January 1, 2020 CJP issued an addendum agreeing to provide an additional \$20,003 and extending the maturity to 2049. On or about December 31 of each year, commencing with December 31, 2016, and ending during 2049, the Council will provide CJP a payment of \$6,214 to be applied to the outstanding principal of the loan. As of September 30, 2021, the outstanding balance on the note payable amounted to \$175,354.

In accordance with U.S. GAAP, a discount is required to be calculated on the non-interest bearing note payable for imputed interest. This discount was calculated in accordance with a risk free rate of return, determined by management to be the U.S. Treasury's 30-year Daily Yield Curve rate as of the date of the last amendment, January 1, 2020, which was 1.59%. As of September 30, 2021, this discount was determined to be \$37,473 which is netted against the corresponding note payable in the accompanying statement of financial position. This discount will decline annually as principal payments are made. A corresponding interest expense is recorded in relation to the discount and is included as a non-operating expense on the accompanying statement of activities as an accretion of discount.

Future minimum payments are as follows:

Year ended September 30, 2022	\$	6,214
Year ended September 30, 2023		6,214
Year ended September 30, 2024		6,214
Year ended September 30, 2025		6,214
Year ended September 30, 2026		6,214
Total continuing equal annual payments owed through 2049		144,284

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(4) Note Payable - Paycheck Protection Program

The Council received a Paycheck Protection Program (PPP) loan during the fiscal year ended September 30, 2020 in the amount of \$311,955. The \$311,955 loan was forgiven during the fiscal year ended September 30, 2021, which has been reported as non-operating revenue on the statement of activities. The Council received a second PPP loan during the fiscal year ended September 30, 2021, also in the amount of \$273,997, with a maturity date of April 2023. The loans bear interest at a rate of 1%, which is deferred for the first six months. Management expects the second loan to be substantially forgiven during the year ended September 30, 2022 and, therefore, the loan has been presented as a current liability on the statement of financial position in keeping with current accounting practice in the industry. The Small Business Administration (SBA) has disclosed criteria for forgiveness which include but is not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. The Council will recognize forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Council.

(5) Operating Lease Commitments

The Council is a tenant-at-will for office space in Boston, MA owned by CJP. The Council pays monthly rent which includes occupancy, common area maintenance and utility costs. Total rent expenses for the year ended September 30, 2021 totaled \$142,550.

(6) Net Assets With Donor Restriction

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of September 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the passage of time:	
For use in fiscal year 2022	\$ <u>457,458</u>
Total net assets with donor restrictions	\$ <u>457,458</u>

Net assets released from restrictions during the year ended September 30, 2021 were \$564,031, of which \$30,986 was from program restrictions and \$533,045 was from time restrictions.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(7) Specific Program Expenses

The Council has allocated direct and indirect expenses to the following projects for 2021:

Designated Program Expenses

Community Engagement Programs		
Community Relations	\$ 622,186	
Greater Boston Jewish Coalition for Literacy	182,621	
New England Holocaust Memorial	<u>157,597</u>	
Total Community Engagement Programs		962,404
Advocacy and Organization		
Synagogue Organizing	123,010	
Government Affairs	<u>286,102</u>	
Total Advocacy and Organization		409,112
Israel Engagement Center	<u>191,637</u>	
Total Israel Engagement Center		<u>191,637</u>
Total expenses		\$ <u>1,563,153</u>

(8) Employee Benefits

(a) Defined Contribution Plan

The Council has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. All regular employees are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. During the year ended September 30, 2021, the Council's contributions under this plan amounted to \$42,930.

(b) Section 125 Plan

The Council has a plan that qualifies as a "Cafeteria Plan" under Section 125 of the IRC. The plan allows the Council's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 20 hours per week are eligible to participate in the plan.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(9) Concentrations

The Council is significantly supported by CJP, an unrelated nonprofit organization with similar missions and goals to that of the Council. CJP accounted for, or passed through, a significant portion of the Council's operating revenue during the year ended September 30, 2021, see Note 1(e). The Council's notes payable are held by CJP, see Note 3, and the Council also rents their office space from CJP, see Note 5.

(10) Liquidity and Availability of Resources

The following reflects the Council's financial assets as of September 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash and cash equivalents	\$ 1,811,800
Accounts receivable, net	3,966
Promises to give	<u>55,686</u>
Total	<u>1,871,452</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,871,452</u>

The Council is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Council must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Council'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.

(11) COVID-19 - Risks and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Council resulted in a loss of revenues and other adverse effects to the Council's financial position, results of operations, and cash flows. As described in Note 4, the Council received two PPP loans. Further, the Council's liquidity as of September 30, 2021 is documented at Note 10. The Council is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Council's operations continue for an extended period of time the Council may have to seek alternative measures to finance its operations. The Council does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2021

(12) Subsequent Events

The Council has performed an evaluation of subsequent events through March 31, 2022, which is the date the Council's financial statements were available to be issued. No material subsequent events have occurred since September 30, 2021 that required recognition or disclosure in these financial statements.



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