JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Years Ended June 30, 2024 and 2023

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Herbein + Company Inc.
2763 Century Boulevard
Reading, PA 19610
www.herbein.com I 610.378.1175

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Community Center of Allentown and Affiliate
Allentown, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of the Jewish Community Center of Allentown and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Community Center of Allentown and Affiliate as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jewish Community Center of Allentown and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jewish Community Center of Allentown and Affiliate's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jewish Community Center of Allentown and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepting in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania
December 19, 2024

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2024	June 30 2023
ASSETS		
CURRENT ASSETS		
Cash	$ 758,180	$ 606,002
Accounts receivable	23,739	13,569
Allowance for credit losses	(9,915)	(10,934)
Total accounts receivable, net	13,824	2,635
Employee Retention Credits receivable	-	480,936
Contributions receivable	106,011	129,467
Prepaid expenses	22,244	33,775
Security deposits	-	11,105
TOTAL CURRENT ASSETS	900,259	1,263,920
NONCURRENT ASSETS		
Investments	686,525	502,891
Right-of-use assets - finance leases	11,157	17,919
Property and equipment:		
Land and improvements	1,910,834	1,904,454
Construction in progress	55,274	32,683
Buildings and improvements	9,200,982	9,038,495
Equipment	1,456,916	1,107,149
Vehicles	14,899	14,899
Less accumulated depreciation	(10,688,889)	(10,127,063)
Net property and equipment	1,950,016	1,970,617
TOTAL NONCURRENT ASSETS	2,647,698	2,491,427
TOTAL ASSETS	$ 3,547,957	$ 3,755,347
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 54,369	$ 54,197
Accrued expenses	218,412	180,369
Deferred revenue	372,078	357,120
Finance lease liabilities	6,917	6,697
Notes payable	22,213	4,000
TOTAL CURRENT LIABILITIES	673,989	602,383
NONCURRENT LIABILITIES		
Finance lease liabilities	4,583	11,474
Notes payable	88,854	838,440
TOTAL NONCURRENT LIABILITIES	93,437	849,914
TOTAL LIABILITIES	767,426	1,452,297
NET ASSETS		
Without donor restrictions:		
Board designated	40,204	34,513
Undesignated	2,650,327	2,169,206
Total without donor restrictions	2,690,531	2,203,719
With donor restrictions	90,000	99,331
TOTAL NET ASSETS	2,780,531	2,303,050
TOTAL LIABILITIES AND NET ASSETS	$ 3,547,957	$ 3,755,347

See notes to consolidated financial statements.

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT						
Dues, tuition, programs, and summer day camp net financial aid ($423,146 - 2024; $405,636 - 2023)	$ 2,292,779	$ -	$ 2,292,779	$ 2,214,468	$ -	$ 2,214,468
Contributions:						
Jewish Federation of the Lehigh Valley	350,000	-	350,000	319,000	-	319,000
Other	578,281	90,000	668,281	697,283	99,331	796,614
Employee Retention Credits	-	-	-	60,886	-	60,886
Contributed nonfinancial assets	40,161	-	40,161	31,777	-	31,777
Investment return	108,315	-	108,315	45,409	-	45,409
Facility rentals	61,517	-	61,517	63,273	-	63,273
Notes payable forgiveness	842,440	-	842,440	2,000	-	2,000
Net assets released from restrictions	99,331	(99,331)	-	105,000	(105,000)	-
TOTAL REVENUE AND PUBLIC SUPPORT	4,372,824	(9,331)	4,363,493	3,539,096	(5,669)	3,533,427
EXPENSES						
Programs	3,482,429	-	3,482,429	3,321,568	-	3,321,568
Management and general	324,716	-	324,716	296,282	-	296,282
Fundraising	78,867	-	78,867	61,843	-	61,843
TOTAL EXPENSES	3,886,012	-	3,886,012	3,679,693	-	3,679,693
CHANGE IN NET ASSETS	486,812	(9,331)	477,481	(140,597)	(5,669)	(146,266)
NET ASSETS AT BEGINNING OF YEAR	2,203,719	99,331	2,303,050	2,344,316	105,000	2,449,316
NET ASSETS AT END OF YEAR	$ 2,690,531	$ 90,000	$ 2,780,531	$ 2,203,719	$ 99,331	$ 2,303,050

See notes to consolidated financial statements.

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2024 and 2023

	2024				2023			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Salaries and wages	$ 1,896,442	$ 139,947	$ 57,020	$ 2,093,409	$ 1,847,202	$ 135,902	$ 48,462	$ 2,031,566
Payroll taxes	152,905	9,935	4,598	167,438	151,892	10,895	4,065	166,852
Employee benefits	82,646	18,204	74	100,924	73,674	8,216	1,981	83,871
Total salaries and benefits	2,131,993	168,086	61,692	2,361,771	2,072,768	155,013	54,508	2,282,289
Advertising, publicity, and promotion	9,715	1,832	2,603	14,150	7,749	1,729	-	9,478
Conferences, conventions, and meetings	12,496	1,053	129	13,678	8,392	501	-	8,893
Direct program expenses	156,855	7,202	152	164,209	149,069	5,384	1,107	155,560
Dues and subscriptions	18,429	5,699	4,473	28,601	12,388	4,593	135	17,116
Fundraising expenses	-	-	4,012	4,012	-	-	6,011	6,011
Interest	27,579	12,582	5,806	45,967	21,919	10,000	-	31,919
Local transportation	49,924	44	-	49,968	70,274	234	-	70,508
Miscellaneous	-	-	-	-	26	12	-	38
Occupancy	364,922	72,901	-	437,823	349,119	67,442	-	416,561
Printing	6,050	61	-	6,111	7,182	189	-	7,371
Professional fees	84,857	35,741	-	120,598	76,774	32,290	-	109,064
Service charges	30,227	13,507	-	43,734	28,306	12,914	-	41,220
Supplies	19,720	2,592	-	22,312	24,811	3,096	-	27,907
Telephone and postage	7,836	3,416	-	11,252	8,543	2,885	82	11,510
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	2,920,603	324,716	78,867	3,324,186	2,837,320	296,282	61,843	3,195,445
Depreciation	561,826	-	-	561,826	484,248	-	-	484,248
TOTAL EXPENSES	$ 3,482,429	$ 324,716	$ 78,867	$ 3,886,012	$ 3,321,568	$ 296,282	$ 61,843	$ 3,679,693

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 477,481	$ (146,266)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Credit loss recovery	(1,019)	-
Depreciation	561,826	484,248
Amortization of finance leases	6,762	6,762
Net unrealized gain on investments	(76,628)	(32,037)
Notes payable forgiveness	(842,440)	(2,000)
Changes in:		
Accounts receivable	(10,170)	4,576
Employee Retention Credits receivable	480,936	(60,886)
Contributions receivable	23,456	(31,605)
Other assets	22,636	2,107
Accounts payable	172	6,407
Accrued expenses	38,043	34,680
Deferred revenue	14,958	27,330
NET CASH PROVIDED BY OPERATING ACTIVITIES	696,013	293,316
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(541,225)	(406,741)
Purchase of investments	(114,633)	(360,973)
Proceeds from sale of investments	7,627	5,610
NET CASH USED BY INVESTING ACTIVITIES	(648,231)	(762,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(22,213)	-
Repayments of finance lease liability	(6,671)	(6,510)
Proceeds from notes payable	133,280	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	104,396	(6,510)
NET INCREASE (DECREASE) IN CASH	152,178	(475,298)
CASH AT BEGINNING OF YEAR	606,002	1,081,300
CASH AT END OF YEAR	$ 758,180	$ 606,002
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Note payable forgiveness	$ 842,440	$ 2,000
Right-of-use assets - finance lease in exchange for finance lease liabilities	-	24,681
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 5,806	$ 142
Imputed interest on note payable	40,161	31,777
Cash paid for interest on finance leases	414	602

See notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jewish Community Center of Allentown (the “Organization”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of educational, recreational, and character development through program activities.

The Lehigh Valley Jewish Foundation, Jewish Community Center Fund is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of receiving contributions and maintaining endowment funds whose income is transferred to the Jewish Community Center of Allentown.

Consolidation

The accompanying consolidated financial statements include the accounts of the Jewish Community Center of Allentown and the Lehigh Valley Jewish Foundation, Jewish Community Center Fund. Intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Cash

For purposes of reporting cash flows, the Organization considers all cash deposited in bank accounts and money related funds to be cash on the accompanying consolidated statements of financial position. This excludes cash held for long-term investments.

At various times during the years, the Organization had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

Accounts Receivable

Accounts receivable are recorded primarily for dues, tuition, programs, and summer day camp revenue. The Organization uses the allowance method to provide for any accounts receivable which may be unrecoverable and is based upon an analysis of the Organization’s prior collection experience, current economic trends, and supportable future forecasts.

Allowance for Credit Losses

The Organization maintains an allowance for credit losses for expected uncollectible accounts receivable, which is recorded as an offset to accounts receivable for credit losses are recorded in expenses in the consolidated statements of functional expenses. At each consolidated statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Allowance for Credit Losses - continued
The allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts regarding future events and any other factors deemed relevant by the Organization. The allowance for credit losses is reviewed on an annual basis to assess the adequacy of the allowance. The allowance for credit losses was $9,915 and $10,934 as of June 30, 2024 and 2023.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery or if any invoice has aged greater than one year. If any recoveries are made from any accounts previously written off, they will be recognized in revenue or an offset to credit loss expense in the year of recovery, in accordance with the Organization’s accounting policy election. There were no write-offs for the years ended June 30, 2024 and 2023.

Contributions Receivable
Contributions receivable are stated at unpaid balances. The Organization provides for losses on contributions receivable using the direct write-off method. Contributions receivable are considered impaired if full payment is not received. The Organization charges off uncollectible contributions receivable when management determines the receivable will not be collected.

Investments
Investments are reported at fair value in the consolidated statements of financial position. Investment return, including gains and losses of investments, interest and dividends, and investment fees, are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Leases
The Jewish Community Center of Allentown is the lessee of copiers and a postage machine. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The copiers and postage machine were determined to be finance leases and are included in right-of-use assets - finance lease and finance lease liabilities on the consolidated statements of financial position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - continued
The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The finance lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease. When it is reasonably certain that they will exercise the option the ROU assets and liabilities will be recalculated and adjusted. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. There are no associated variable lease costs with the leases noted above.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Property and Equipment
Property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of $2,000 with an estimated useful life of more than one year. Depreciation is computed by the straight-line method based on estimated useful lives:

Land improvements	10 to 20 years
Buildings and improvements	3 to 50 years
Equipment	3 to 10 years
Vehicles	3 to 5 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property, equipment and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Construction in progress is stated at cost and consists primarily of costs incurred for building improvement projects. No provision for depreciation is made on project in progress until the assets are complete and placed into service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets
The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

> *Net Assets Without Donor Restrictions* - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.
>
> *Net Assets With Donor Restrictions* - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 consolidated statements of activities as net assets released from restrictions.

Revenue Recognition
The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606"), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statement of activities:

> Dues, Tuition, Programs, and Summer Day Camp
> Membership dues, which operate on a monthly basis, are recognized as revenue in the applicable period. Collected, but unearned, dues are presented as deferred revenue and are fully recognized as revenue on a monthly basis. There are no remaining performance obligations at the end of each membership period. Deferred revenue related to membership dues totals $9,566 and $9,085 at June 30, 2024 and 2023, respectively. Related deferred revenue at July 1, 2023 totaled $9,304.
>
> Tuition, programs, and summer day camp revenues include childcare, camp, and various fitness and youth activities offered by the Organization. Tuition, programs, and summer day camp revenues are recognized at the time the service is provided. Any amounts collected, but unearned, would be classified as deferred revenue and recognized as income in the applicable period. Accounts receivable related to tuition, programs, and summer day camp totals $23,739 and $13,569 at June 30, 2024 and 2023, respectively. Related accounts receivable at July 1, 2023 totaled $13,261. Deferred revenue related to tuition, programs, and summer day camp totals $362,512 and $348,035 at June 30, 2024 and 2023, respectively. Related deferred revenue at July 1, 2023 totaled $320,486.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contribution Revenue

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes unconditional contributions and conditional contributions in which the conditions have been met or waived by the donor as support with or without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor restrictions that are used for purpose specified by the donor in the same year as the contribution are recognized as revenues without donor restrictions.

In addition to contributions, support received under Employee Retention Credits is considered nonreciprocal transactions and follow the guidance for contributions. These grants are recorded when the conditions are met, including incurring related costs and/or meeting program requirements.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Contributed nonfinancial assets are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. The amount of such donated items was $40,161 and $31,777 in the years ended June 30, 2024 and 2023, respectively, and includes imputed interest on the Jewish Federation of the Lehigh Valley loan which is valued using the applicable long-term federal rates as published by the IRS. There are no restrictions on contributed nonfinancial assets at year end. The Organization does not sell contributed nonfinancial assets and only utilized them for debt service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributed Nonfinancial Assets - continued

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Advertising Costs

The Organization expenses advertising costs when incurred. Advertising expense for the years ended June 30, 2024 and 2023 totaled $14,150 and $9,478, respectively.

Functional Expense Allocations

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Organization's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

Tax Exempt Status

The Jewish Community Center of Allentown and the Lehigh Valley Jewish Foundation, Jewish Community Center Fund have been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Jewish Community Center of Allentown and the Lehigh Valley Jewish Foundation, Jewish Community Center Fund file federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, The Jewish Community Center of Allentown and the Lehigh Valley Jewish Foundation, Jewish Community Center Fund account for uncertain tax positions relative to unrelated business income, if any, as required.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements, and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these consolidated financial statements, the Jewish Community Center of Allentown and Affiliate has evaluated events and transactions for potential recognition or disclosure through December 19, 2024, the date the consolidated financial statements were available to be issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of Accounting Pronouncement
In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	2024	2023
Investments held by Jewish Federation of the Lehigh Valley	$ 686,525	$ 502,891

Investment return is summarized as follows:

	2024	2023
Interest and dividends	$ 32,391	$ 13,788
Net realized gain on sale of investments	1,117	254
Net unrealized gain on investments	76,628	32,037
Investment fees	(1,821)	(670)
	$ 108,315	$ 45,409

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Financial accounting standards require the use of fair value measurement. Jewish Community Center of Allentown and Affiliate, in accordance with generally accepted accounting principles, has applied fair value measurement.

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Investments Held by the Jewish Federation of the Lehigh Valley

Jewish Community Center of Allentown and Affiliate have funds held by the Jewish Federation of the Lehigh Valley (the "Federation") which are managed by a financial institution's trust department. The financial institution holds the investments in diversified and balanced portfolios consisting of cash and cash equivalents, corporate debt securities, equity securities, and mutual funds. These investments are valued by the trust managers based on the quoted market prices for shares held. If a quoted market price is not available, fair value is estimated using quoted or market prices for similar securities.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The method described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the institution are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

All investments are level 3 at June 30, 2024 and 2023.

The following table sets forth a summary of changes of the Organization's Level 3 assets for the years ended June 30:

	2024	2023
Balance beginning of year	$ 502,891	$ 115,491
Interest and dividends	11,333	4,185
Contributions	102,183	7,204
Transfer in	-	350,000
Realized gains	1,117	254
Unrealized gains	76,628	32,037
Withdrawals	(5,806)	(5,610)
Fees	(1,821)	(670)
Balance at end of year	$ 686,525	$ 502,891

NOTE 3 - LEASES

The Organization has entered into finance leases for the rental of office equipment. The postage meter lease is for a five-year term beginning February 8, 2021 and ending May 8, 2026 with a monthly payments of $158. The lease for photocopiers and printers is for a five-year term beginning February 2, 2021 and ending February 2, 2026 with monthly payments of $435.

NOTE 3 - LEASES - CONTINUED

The Organization included the following amounts related to finance lease assets and liabilities within the consolidated statements of financial position as of June 30:

		2024	2023
Assets	Classification		
Right-of-use assets	Finance leases	$ 11,157	$ 17,919
Current Liabilities			
Finance leases	Finance lease liabilities	$ 6,917	$ 6,697
Noncurrent Liabilities			
Finance leases	Finance lease liabilities	4,583	11,474
	Total lease liabilities	$ 11,500	$ 18,171

The components of lease expense were as follows for the years ended June 30:

	2024	2023
Finance lease amortization	$ 6,762	$ 6,762
Interest on finance lease liabilities	$ 414	$ 602

Supplemental cash flow information related to leases was as follows for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases (i.e. principal portion)	$ 6,671	$ 6,510
Right-of-use assets obtained in exchange for lease obligations:		
Finance leases	$ -	$ 24,681

Supplemental balance sheet information related to leases was as follows for the years ended June 30:

	2024	2023
Weighted Average Remaining Lease Term		
Finance leases	1.71 years	2.71 years
Weighted Average Discount Rate		
Finance leases	2.85%	2.85%

NOTE 3 - LEASES - CONTINUED

Maturities of lease liabilities are as follows for the years ending June 30:

2025	$ 7,112
2026	4,622
Total lease payments	11,734
Less: present value discount	(234)
Total	$ 11,500

NOTE 4 - NOTES PAYABLE

The following is a summary of notes payable at June 30:

	2024	2023
Noninterest bearing note payable to the Jewish Federation of the Lehigh Valley, due December 2028. Interest expense, which was imputed on the note at the applicable federal rate of $40,161 and $31,777, was recorded as contribution revenue from the Federation at the same amount for the years ended June 30, 2024 and 2023, respectively. The note is secured by real estate of the Organization. The note was satisfied in full by funds the Jewish Federation of the Lehigh Valley received from a bequest and the Organization was forgiven of the loan as of June 30, 2024.	$ -	$ 838,440
Note payable to a financial services company with monthly payments of $1,851, including interest at 3.98%. The final payment is due June 2029. The note is secured by the related equipment.	111,067	-
Note payable to private lender, paid annually on the anniversary of the date of receipt from the borrower. Interest expense at 4% per annum was waived by the lender effective November 2020. Principal due the earlier of June 1, 2024 or upon sale of real estate and facilities. The note was forgiven by the lender during the year ended June 30, 2024.	-	4,000
	111,067	842,440
Portion payable within one year and classified as current	(22,213)	(4,000)
	$ 88,854	$ 838,440

NOTE 4 - NOTES PAYABLE - CONTINUED

During the years ended June 30, 2024 and 2023, notes payable to the Jewish Federation of the Lehigh Valley and private lenders were forgiven, totaling $842,440 and $2,000, respectively, and recognized as such in the statement of activities.

Future maturities on notes payable are as follows, assuming no changes in current terms for the years ending June 30:

2025	$ 22,213
2026	22,213
2027	22,213
2028	22,213
2029	22,215
	$ 111,067

Total interest expense for the years ended June 30, 2024 and 2023 was $45,967 and $31,919, respectively.

NOTE 5 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated funds and board designated funds. From time to time, the Board may designate funds for specific purposes which would be included with net assets without donor restrictions. Board designated assets totaled $40,204 and $34,513 at June 30, 2024 and 2023, respectively, and are held in investment for Friendship Circle.

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Time restrictions	$ 90,000	$ 85,000
Adventure Zone Hub	-	14,331
	$ 90,000	$ 99,331

NOTE 5 - NET ASSETS - CONTINUED

Net assets were released from restrictions satisfying the restricted purposes specified by donors as follows at June 30:

	2024	2023
Time restrictions	$ 85,000	$ 85,000
Improvements and renovation	14,331	20,000
	$ 99,331	$ 105,000

NOTE 6 - EMPLOYEE RETENTION CREDITS

The Employee Retention Credit (ERC) is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization expects to meet the ERC's eligibility requirements and considers these payments as a conditional grant. Accordingly, the Organization has initially recorded the payments as a refundable advance in accordance with the guidance for conditional contributions and will recognize the grant in the consolidated statements of activities when there is no longer a measurable performance or other barrier. The Organization interpreted the condition(s) of the grant to be met as of June 30, 2023 and recognized $60,886 (including interest of $44,105) in employee retention credit contributions in the consolidated statements of activities.

Included on the consolidated statements of financial position is $480,936 of employee retention credit receivable at June 30, 2023, respectively, as a result of filing Forms 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*, in order to receive amounts to which it believes it is entitled under ERC. Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

In August and September 2023, the Organization received refunds from the Internal Revenue Service totaling $480,936, which includes $44,105 of interest accrued on 2020 and 2021 tax credits applied for.

NOTE 7 - RETIREMENT PLAN

The Organization has a noncontributory pension plan covering all full and part-time employees over the age of 21. Eligible employees who choose to participate can contribute up to 20% of their annual salary up to the amount permitted by law. The Organization's discretionary contributions totaled $7,308 and $10,000 to the plan at June 30, 2024 and 2023, respectively.

In the year ended June 30, 2023, the Organization adopted a plan for full-time employees and part-time employees who are scheduled to work at least 20 hours per week to receive a matching contribution to their 403(b) retirement account. The 403(b) account must be part of the Organization's retirement plan offerings. The Organization will contribute $1 for every $2 contributed by the employee, up to a maximum employee contribution of 6% and the Organization contribution of 3% of the employee's annual base salary per calendar year, prorated on a per-pay period basis. The Organization's match totaled $11,680 and $6,174 at June 30, 2024 and 2023, respectively.

NOTE 8 - TRANSACTIONS WITH THE JEWISH FEDERATION OF THE LEHIGH VALLEY

The Federation and the Organization have four common Board members.

The Federation makes contributions to the Organization on an annual basis. For the years ended June 30, 2024 and 2023, the Federation contributed $350,000 and $319,000, respectively, to the Organization.

The Federation leases office space on a month to month basis from the Organization. Rent paid by the Federation to the Organization was $35,580 for each of the years ended June 30, 2024 and 2023.

The Organization has funds held in an investment account by the Federation as described in Note 2.

The Organization had a note payable to the Federation which was forgiven by the Federation at June 30, 2024 as described in Note 4.

NOTE 9 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year because of board designated or donor-imposed restrictions. The Organization's financial assets include cash, receivables, and investments. The Organization has limitations on those assets consisting of board designated or donor restricted funds.

	2024	2023
Cash	$ 758,180	$ 606,002
Accounts receivable, net	13,824	2,635
Employee Retention Credits receivable	-	480,936
Contributions receivable	106,011	129,467
Investments	686,525	502,891
Total financial assets	1,564,540	1,721,931
Less: Amount unavailable for general expenses within one year due to:		
Donor restricted for time and purposes restrictions	(90,000)	(99,331)
Board designated	(40,204)	(34,513)
Financial assets available to meet cash needs for general expenses within one year	$ 1,434,336	$ 1,588,087

At June 30, 2024 and 2023, the Organization had board designated amounts totaling $40,204 and $34,513, respectively. With board approval, these amounts could be used to meet cash needs, if necessary.

As part of the Organization's liquidity management, there is a policy to structure their financial assets to be available as its general expenses and other obligations become due.

SUPPLEMENTARY INFORMATION

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

		Jewish Community Center of Allentown	Lehigh Valley Jewish Foundation, Jewish Community Center Fund	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash		$ 758,180	-	$ -	$ 758,180
Accounts receivable		23,739	-	-	23,739
Allowance for credit losses		(9,915)	-	-	(9,915)
Total accounts receivable, net		13,824	-	-	13,824
Other receivables		106,011	-	-	106,011
Prepaid expenses		22,244	-	-	22,244
Due from other funds	(1)	646,321	67,262	(713,583)	-
TOTAL CURRENT ASSETS		1,546,580	67,262	(713,583)	900,259
NONCURRENT ASSETS					
Investments		40,204	646,321	-	686,525
Right-of-use assets - finance leases		11,157	-	-	11,157
Property and equipment:					
Land and improvements		1,910,834	-	-	1,910,834
Construction in progress		55,274	-	-	55,274
Buildings and improvements		9,200,982	-	-	9,200,982
Equipment		1,456,916	-	-	1,456,916
Vehicles		14,899	-	-	14,899
Less accumulated depreciation		(10,688,889)	-	-	(10,688,889)
Net property and equipment		1,950,016	-	-	1,950,016
TOTAL NONCURRENT ASSETS		2,001,377	646,321	-	2,647,698
TOTAL ASSETS		$ 3,547,957	713,583	$ (713,583)	$ 3,547,957
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable		$ 54,369	-	$ -	$ 54,369
Accrued expenses		218,412	-	-	218,412
Deferred revenue		372,078	-	-	372,078
Due to other funds	(1)	67,262	646,321	(713,583)	-
Finance lease liabilities		6,917	-	-	6,917
Notes payable		22,213	-	-	22,213
TOTAL CURRENT LIABILITIES		741,251	646,321	(713,583)	673,989
NONCURRENT LIABILITIES					
Finance lease liabilities		4,583	-	-	4,583
Notes payable		88,854	-	-	88,854
TOTAL NONCURRENT LIABILITIES		93,437	-	-	93,437
TOTAL LIABILITIES		834,688	646,321	(713,583)	767,426
NET ASSETS					
Without donor restrictions:					
Board designated		40,204	-	-	40,204
Undesignated		2,583,065	67,262	-	2,650,327
Total without donor restrictions		2,623,269	67,262	-	2,690,531
With donor restrictions		90,000	-	-	90,000
TOTAL NET ASSETS		2,713,269	67,262	-	2,780,531
TOTAL LIABILITIES AND NET ASSETS		$ 3,547,957	713,583	$ (713,583)	$ 3,547,957

(1) To eliminate inter-organization loans.

JEWISH COMMUNITY CENTER OF ALLENTOWN AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions		With Donor Restrictions		
	Jewish Community Center of Allentown	Lehigh Valley Jewish Foundation, Jewish Community Center Fund	Jewish Community Center of Allentown	Eliminations	Consolidated
REVENUE AND PUBLIC SUPPORT					
Dues, tuition, programs, and summer day camp net financial aid of $423,146	$ 2,292,779	$ -	$ -	$ -	$ 2,292,779
Contributions:					
Jewish Federation of the Lehigh Valley	350,000	-	-	-	350,000
Other	578,281	-	90,000	-	668,281
Contributed nonfinancial assets	40,161	-	-	-	40,161
Investment return	108,315	-	-	-	108,315
Facility rentals	61,517	-	-	-	61,517
Note payable forgiveness	842,440	-	-	-	842,440
Net assets released from restrictions	99,331	-	(99,331)	-	-
TOTAL REVENUE AND PUBLIC SUPPORT	4,372,824	-	(9,331)	-	4,363,493
EXPENSES					
Programs	3,482,429	-	-	-	3,482,429
Management and general	324,716	-	-	-	324,716
Fundraising	78,867	-	-	-	78,867
TOTAL EXPENSES	3,886,012	-	-	-	3,886,012
CHANGE IN NET ASSETS	486,812	-	(9,331)	-	477,481
NET ASSETS AT BEGINNING OF YEAR	2,136,457	67,262	99,331	-	2,303,050
NET ASSETS AT END OF YEAR	$ 2,623,269	$ 67,262	$ 90,000	$ -	$ 2,780,531