

Jewish Community Center of San Francisco

Financial Statements

June 30, 2017
(With Comparative Totals for 2016)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Community Center of San Francisco
San Francisco, California

We have audited the accompanying financial statements of Jewish Community Center of San Francisco (a California nonprofit corporation) (the "Center"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows 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 Jewish Community Center of San Francisco as of June 30, 2017, 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.

Report on Summarized Comparative Information

The financial statements of Jewish Community Center of San Francisco as of June 30, 2016, were audited by other auditors whose report dated October 28, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Ramon, California

December 12, 2017

Jewish Community Center of San Francisco
Statement of Financial Position
June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 518,629	\$ 672,414
Accounts and other receivables	143,347	113,422
Contributions receivable, net	1,474,386	361,127
Other assets	317,675	753,450
Investments	22,685,931	22,284,751
Property and equipment, net	45,074,860	46,020,307
Total assets	\$ 70,214,828	\$ 70,205,471
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,907,152	\$ 1,335,125
Accrued vacation	688,589	672,905
Deferred revenue	2,398,234	2,544,161
Loan payable	1,416,667	1,916,667
Line of credit	4,300,000	3,200,000
Total liabilities	10,710,642	9,668,858
Net assets		
Unrestricted	45,517,806	48,398,157
Temporarily restricted	4,552,486	2,576,156
Permanently restricted	9,433,894	9,562,300
Total net assets	59,504,186	60,536,613
Total liabilities and net assets	\$ 70,214,828	\$ 70,205,471

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

Jewish Community Center of San Francisco
Statement of Activities
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenues, gains (losses) and other support					
Contributions and grants	\$ 3,035,250	\$ 1,540,510	\$ -	\$ 4,575,760	\$ 3,672,012
Government grants	253,658	-	-	253,658	294,430
Fitness center	12,585,502	-	-	12,585,502	12,562,694
Program revenue	14,011,001	-	-	14,011,001	14,085,334
Investment income (loss)	820,304	1,324,036	-	2,144,340	(1,592,453)
Special events, net of expenses of \$222,821	168,772	-	-	168,772	427,945
Miscellaneous	694,849	-	-	694,849	519,023
Ancillary service revenue	1,846,113	-	-	1,846,113	2,128,775
Net assets released from restriction	<u>888,216</u>	<u>(888,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains (losses) and other support	<u>34,303,665</u>	<u>1,976,330</u>	<u>-</u>	<u>36,279,995</u>	<u>32,097,760</u>
Functional expenses					
Program services					
Fitness center	9,077,178	-	-	9,077,178	9,269,982
Early childhood education	7,202,060	-	-	7,202,060	7,067,167
Youth and family	6,246,808	-	-	6,246,808	5,849,749
Adults	5,817,807	-	-	5,817,807	6,625,879
Ancillary services	<u>1,975,424</u>	<u>-</u>	<u>-</u>	<u>1,975,424</u>	<u>2,331,799</u>
Total program services	<u>30,319,277</u>	<u>-</u>	<u>-</u>	<u>30,319,277</u>	<u>31,144,576</u>
Supporting services					
Management and general	5,455,581	-	-	5,455,581	5,657,865
Development	<u>1,592,280</u>	<u>-</u>	<u>-</u>	<u>1,592,280</u>	<u>1,479,489</u>
Total supporting services	<u>7,047,861</u>	<u>-</u>	<u>-</u>	<u>7,047,861</u>	<u>7,137,354</u>
Total functional expenses	<u>37,367,138</u>	<u>-</u>	<u>-</u>	<u>37,367,138</u>	<u>38,281,930</u>
Change in net assets from operations	(3,063,473)	1,976,330	-	(1,087,143)	(6,184,170)
Pension plan termination refund (expense)	<u>54,716</u>	<u>-</u>	<u>-</u>	<u>54,716</u>	<u>(53,445)</u>
Change in net assets	(3,008,757)	1,976,330	-	(1,032,427)	(6,237,615)
Net assets, beginning of year	48,398,157	2,576,156	9,562,300	60,536,613	66,774,225
Reclassification of net assets	<u>128,406</u>	<u>-</u>	<u>(128,406)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 45,517,806</u>	<u>\$ 4,552,486</u>	<u>\$ 9,433,894</u>	<u>\$ 59,504,186</u>	<u>\$ 60,536,610</u>

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

Jewish Community Center of San Francisco
Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (1,032,427)	\$ (6,237,615)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	1,944,643	2,067,336
Contributions restricted for long-term investment	-	(590)
Net realized and unrealized gains (losses) on investments	(1,454,114)	2,335,604
Changes in operating assets and liabilities		
Accounts and other receivables	(29,925)	(19,626)
Contributions receivable	(1,113,259)	657,041
Other assets	435,775	(258,970)
Escrow account	-	450,000
Accounts payable and accrued expenses	572,027	(805,834)
Accrued vacation	15,684	(26,454)
Deferred revenue	(145,927)	(83,937)
Pension plan liability	-	(3,000,461)
Net cash used in operating activities	(807,523)	(4,923,506)
Cash flows from investing activities		
Acquisition of property and equipment	(999,196)	(510,047)
Purchase of investments	(1,416,214)	(22,160,126)
Proceeds from sale of investments	2,469,148	23,082,567
Net cash provided by investing activities	53,738	412,394
Cash flows from financing activities		
Contributions restricted for long-term investments	-	590
Borrowings on line of credit	2,100,000	4,400,000
Repayment on line of credit	(1,000,000)	(1,200,000)
Repayment on loan payable	(500,000)	(500,000)
Net cash provided by financing activities	600,000	2,700,590
Net decrease in cash and cash equivalents	(153,785)	(1,810,522)
Cash and cash equivalents, beginning of year	672,414	2,482,936
Cash and cash equivalents, end of year	\$ 518,629	\$ 672,414

Supplemental disclosure of cash flow information

Cash paid during the year interest	\$ 115,868	\$ 57,082
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The accompanying notes are an integral part of these financial statements.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

1. NATURE OF OPERATIONS

The Jewish Community Center of San Francisco (the "Center") is a non-profit organization serving the needs of the San Francisco community by providing social, cultural, recreational and educational programs. It offers over 1,000 recreational and learning programs for youth and adults, ranging from fine arts to languages, health and wellness, sports, aquatics, camps, travel, studio arts, career development, cultural events, Jewish education, interfaith programs and lifelong learning, as well as community services such as senior lunches, city clean-up projects and job skills training.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The Center's financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- *Unrestricted net assets* - The portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* - The portion of net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Center. Temporarily restricted net assets also include the portion of donor-restricted endowment funds that are not classified as permanently restricted, until such funds are appropriated for expenditure by the Center.
- *Permanently restricted net assets* - The portion of net assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Revenue recognition

Membership dues, program service fees and other revenues including ancillary services are recognized as revenue when earned. Deferred revenue represents activity fees received from participants in advance of the related program activity.

Contributions and grants are recognized at their fair value when received or when the donor/grantor makes an unconditional promise to give to the Center. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. GAAP requires the use of a discount rate that considers market risk.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contributions that are restricted by the donor/grantor are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets.

Cash and cash equivalents

For purposes of the statement of cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents. Cash which is considered a component of the Center's investment portfolio and is not included as part of cash and cash equivalents for the purposes of the Statement of Cash Flows.

Accounts and other receivables

The Center uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. At June 30, 2017, no allowance for doubtful accounts has been recorded as all receivables are considered fully collectible.

Other assets

Other assets include prepaid expenses and a note receivable from a related party.

Investments

Investments are valued at fair value based on quoted market prices with realized and unrealized gains or losses reflected in the statement of activities.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Center determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3).

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

Unobservable inputs reflect the Center's own assumptions about the assumptions market participants would use to price the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Center's own data.

Investments (Level 1) in equity and debt securities are valued at their fair values as determined primarily by quoted market prices.

Property and equipment

Property and equipment are recorded at cost when purchased. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets ranging from five to forty years.

Rewards program

The Center defers revenue associated with the estimated selling price of points earned by our program members towards free products or services as each point is earned, and a corresponding liability is established on the statement of financial position. The estimated selling price of each point earned is based on the estimated value of the product or service for which the reward is expected to be redeemed, net of points not expected to be redeemed, based on historical redemption patterns. When a customer redeems an earned reward, revenue is recognized for the redeemed product or service and the related loyalty program liability is reduced. The liability related to the loyalty program totaled \$262,553 at June 30, 2017.

Contributed services

Many individuals volunteer their time and perform a variety of tasks that assist the Center. The Center received approximately 6,000 volunteer hours for the year ended June 30, 2017. The value of this contributed time is not reflected in the financial statements because they do not meet the GAAP criteria for recognition.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The costs of providing the various programs and other activities have been summarized on the functional basis in the accompanying Statement of Activities. Costs applicable to more than one program or activity, such as payroll and employee costs, occupancy, utilities, travel, supplies, interest, depreciation and amortization have been allocated among program services, management and general, development and ancillary services classifications based on estimated square footage usage and estimated time spent by the Center's management by function.

Advertising costs

Advertising costs are expensed as incurred. Advertising expenses were \$69,739 for the year ended June 30, 2017.

Collective bargaining agreement

Approximately 60% of full-time staff positions are covered by a collective bargaining agreement. The current bargaining agreement is in effect through December 31, 2019 and is to be continued thereafter year to year unless notice to amend, modify, or terminate the agreement is given as is defined in the provisions of the agreement.

Income tax status

The Center is a qualified not-for-profit organization exempt from federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

The Center has evaluated its current tax positions and has concluded that as of June 30, 2017, the Center does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative financial statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2016, from which the information was derived.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of amounts due for annual campaign pledges, foundation grants and others.

Contributions receivable consist of the following:

Receivable in less than one year	\$ 877,931
Receivable in one to five years	631,000
	1,508,931
Less: discounts to net present value	(34,545)
	\$ 1,474,386

4. INVESTMENTS

Investments consist of the following:

	Cost	Fair Value
Cash equivalents	\$ 418,470	\$ 418,470
Mutual funds	21,171,245	22,266,461
Government obligations	1,000	1,000
	\$ 21,590,715	\$ 22,685,931

Investment income is comprised of net realized and unrealized gains of \$1,454,114, interest and dividends of \$691,740 less \$1,514 of fees for the year ended June 30, 2017.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Fair Value
Cash equivalents	\$ 418,470	\$ -	\$ -	\$ 418,470
Mutual funds				
Equity funds	10,843,493	-	-	10,843,493
Fixed income funds	11,422,968	-	-	11,422,968
	22,266,461	-	-	22,266,461
Government obligations	1,000	-	-	1,000
	\$ 22,685,931	\$ -	\$ -	\$ 22,685,931

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 2,104,375
Buildings and improvements	63,606,128
Furniture and equipment	5,434,418
Automobiles	60,652
Construction in progress	490,504
	71,696,077
Accumulated depreciation	(26,621,217)
	\$ 45,074,860

Depreciation expense amounted to \$1,944,643 for the year ended June 30, 2017.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

7. LOAN PAYABLE

On April 1, 2015, the Center borrowed \$2,500,000 pursuant to a term note under a credit agreement with Wells Fargo Bank (the "Lender") for general working capital purposes. The indebtedness is secured by all of its unrestricted assets, and is payable in monthly installments of principal and interest. The term loan matures in April 1, 2020. The interest rate on the borrowings is 1.2% above LIBOR in effect on the first day of each LIBOR period and LIBOR period is defined as one month through March 2017. Starting April 2017, the interest rate on the borrowings is 1.75% above LIBOR in effect on the first day of each LIBOR period and LIBOR period is defined as one month. The interest rate at June 30, 2017 was 2.85%, and the monthly payment on principal is \$41,667.

The schedule of loan principal repayments is as follows:

<u>Year ending June 30,</u>	
2018	\$ 500,000
2019	500,000
2020	<u>416,667</u>
	<u>\$ 1,416,667</u>

The credit agreement includes a revolving line of credit of an amount up to \$5,000,000 as amended on September 29, 2016. The interest rate on the borrowings is 1.75% above LIBOR in effect on the first day of each LIBOR period and the LIBOR period is defined as one month. The interest rate at June 30, 2017 was 2.85%. The Center may make advances and repay its outstanding borrowings partially or fully at any time before October 1, 2018. As of June 30, 2017, the outstanding balance on the line was \$4,300,000. Subsequent to year end, the loan payable and line of credit were paid in full. See Note 14.

8. UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

Undesignated	\$ 34,764,780
Board designated reserve	4,511,593
Board designated endowment	<u>6,241,433</u>
	<u>\$ 45,517,806</u>

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Restricted to future periods	\$ 161,755
Restricted by purpose	1,479,943
Accumulated endowment earnings	<u>2,910,788</u>
	<u>\$ 4,552,486</u>

Temporarily restricted net assets released from restriction during the year were as follows:

Restricted to future periods	\$ 199,146
Restricted by purpose	34,829
Accumulated endowment earnings	<u>654,241</u>
	<u>\$ 888,216</u>

10. ENDOWMENT

The Center's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted and board-designated endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds include donor-restricted and board designated funds.

Interpretation of relevant law

The Center's Board of Trustees has interpreted the Uniform Prudent Management of Institutional Fund Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

10. ENDOWMENT (continued)

Interpretation of relevant law (continued)

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

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

Return objectives, risk parameters, and spending policies

In order to extend the duration and preservation of endowment funds and to satisfy its long term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center maintains a balanced portfolio of equities and fixed income investments in order to achieve its long-term return objectives consistent with the preservation of capital.

Gains from the investment of endowment gifts are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors has approved a spending policy that allows for a prudent 5.00% distribution of endowment funds based on a 36-month average of the market values of its endowment investments. UPMIFA includes a presumption that spending up to 7.00% of the fair value of endowment funds in one year is prudent and amounts appropriated for spending may exceed actual realized earnings from endowments.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. There were no such material deficiencies as of June 30, 2017.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

10. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,910,788	\$ 9,433,894	\$ 12,344,682
Board designated funds	<u>6,241,433</u>	<u>-</u>	<u>-</u>	<u>6,241,433</u>
	<u>\$ 6,241,433</u>	<u>\$ 2,910,788</u>	<u>\$ 9,433,894</u>	<u>\$ 18,586,115</u>

Changes in endowment net assets for the fiscal year ended June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2016	<u>\$ 5,897,099</u>	<u>\$ 2,240,993</u>	<u>\$ 9,562,300</u>	<u>\$17,700,392</u>
Investment return				
Investment income, net	175,387	347,734	-	523,121
Net appreciation	<u>491,980</u>	<u>976,302</u>	<u>-</u>	<u>1,468,282</u>
Total investment return	667,367	1,324,036	-	1,991,403
Reclassification of net assets	-	-	(128,406)	(128,406)
Appropriation of endowment earnings	<u>(323,033)</u>	<u>(654,241)</u>	<u>-</u>	<u>(977,274)</u>
	<u>344,334</u>	<u>669,795</u>	<u>(128,406)</u>	<u>885,723</u>
Balance, June 30, 2017	<u>\$ 6,241,433</u>	<u>\$ 2,910,788</u>	<u>\$ 9,433,894</u>	<u>\$18,586,115</u>

11. RETIREMENT PLAN

In 2009, the Center established a 403(b) retirement plan for all eligible employees and includes a defined employer contribution as well as a partial match on amounts contributed by employees. Contributions to the plan by the Center amounted to \$869,656 for the year ended June 30, 2017.

The Center participated in the Jewish Community Federation's (the "JCF") multiple employer pension plan. The plan provided defined benefits to all eligible employees. The JCF, together with all affiliated agencies decided to terminate the Plan. The plan was frozen effective December 31, 2007. On December 17, 2014, the Center's board passed a resolution to terminate its participation in the Plan and as a result agreed to pay the termination payment to settle the obligation in full. This obligation of \$3,053,906 was paid in full as of December 21, 2015.

Jewish Community Center of San Francisco
Notes to Financial Statements
June 30, 2017

12. COMMITMENTS

Operating leases

The Center leases real property and office equipment under lease arrangements classified as operating leases.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,

2018	\$ 169,222
2019	162,467
2020	157,850
2021	<u>119,543</u>
	<u>\$ 609,082</u>

Rental expense related to these leases for the year ended June 30, 2017 amounted to \$205,154 .

Fitness center management

The contract between the Center and Medifit Community Services LLC, the Center's fitness management company, is effective July 31, 2014 through October 31, 2019.

13. CONCENTRATIONS OF CREDIT RISK

The Center has identified its financial instruments that are potentially subject to credit risk. These financial instruments consist principally of cash, investments, receivables and contributions receivables.

The Center invests its excess cash in cash deposits with various financial institutions. Investments are diversified in order to limit the market risk.

Receivables, including promises to give are unsecured and concentrated in the San Francisco Bay Area; however, concentrations of credit risk with respect to these receivables are limited due to the large number of members and donors.

The Center received contributions from one donor that accounted for 40% of total contributions revenue for the year ended June 30, 2017. The same donor also accounted for 80% of the contributions receivable outstanding at June 30, 2017.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2017, which is the date the financial statements were available to be issued.

Jewish Community Center of San Francisco
Notes to Financial Statements
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14. SUBSEQUENT EVENTS (continued)

The loan payable and line of credit were paid in full on December 5, 2017. The line of credit agreement has been terminated and is no longer in effect.