

Jewish Community Federation of Richmond

FINANCIAL REPORT

JUNE 30, 2018

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**PILC &
MOSELEY, LLC**
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Community Federation of Richmond
Richmond, Virginia

We have audited the accompanying financial statements of the Jewish Community Federation of Richmond, which comprise the statements of financial position as of June 30, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Federation's June 30, 2017 financial statements and, in our report dated October 5, 2017, we expressed an unmodified opinion on those 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 of 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 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Community Federation of Richmond as of June 30, 2018, 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 Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of pledges receivable and collections history and the schedule of allocations and payments are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pike & Morley, LLC

Richmond, Virginia
September 5, 2018

FINANCIAL STATEMENTS

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2018

With Comparative Amounts as of June 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 206,860	\$ 648,653
Short-term investments, at market value	260,142	338,818
Accounts receivable	68,129	119,925
Pledges receivable		
Annual Welfare Fund Campaign, net of reserve		
of \$402,950 in 2018 and \$439,185 in 2017	1,723,038	1,694,736
2015 Israel Emergency Campaign, net of reserve of		
\$0 in 2018 and 2017	-	260
Other receivables	9,007	29,435
Notes receivable, current portion	5,000	5,000
Prepaid expenses and other current assets	<u>37,854</u>	<u>20,162</u>
Total current assets	<u>2,310,030</u>	<u>2,856,989</u>
FURNITURE AND EQUIPMENT, NET	<u>35,494</u>	<u>24,262</u>
OTHER ASSETS		
Long-term investments, at market value	1,611,269	1,525,834
Long-term campaign endowments	23,213	20,958
Long-term notes receivable	<u>25,000</u>	<u>30,000</u>
Total other assets	<u>1,659,482</u>	<u>1,576,792</u>
Total assets	<u>\$ 4,005,006</u>	<u>\$ 4,458,043</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2018

With Comparative Amounts as of June 30, 2017

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 24,804	\$ 18,092
Allocations payable	2,440,987	2,818,317
Deferred revenue	-	16,100
Defined benefit pension liability, current portion	<u>74,100</u>	<u>74,701</u>
Total current liabilities	<u>2,539,891</u>	<u>2,927,210</u>
NET ASSETS		
Unrestricted		
Operating	902,362	881,288
Board designated for special programs	<u>515,845</u>	<u>534,823</u>
Total unrestricted	1,418,207	1,416,111
Temporarily restricted	<u>46,908</u>	<u>114,722</u>
Total net assets	<u>1,465,115</u>	<u>1,530,833</u>
Total liabilities and net assets	<u>\$ 4,005,006</u>	<u>\$ 4,458,043</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	Unrestricted		Temporarily Restricted	Total	
	Operating Fund	Plant Fund		2018	2017
SUPPORT AND OTHER REVENUE					
Annual Welfare Campaign Fund - 2018	\$2,442,893	\$ -	\$ 282,250	\$2,725,143	\$3,081,760
Annual Welfare Campaign Fund - 2019		-	3,216	3,216	71,870
Estimated reserve	-	-	-	-	(100,000)
Other contributions	69,853	-	-	69,853	-
Campaign endowments		-	2,255	2,255	3,317
Prior years' pledges and collections over estimated value	117,338	-	-	117,338	98,802
Program income	8,041	-	-	8,041	-
Reflector income	52,645	-	-	52,645	50,240
Mission income	108,754	-	-	108,754	71,910
Investment income, net	60,056	-	-	60,056	74,245
Grants	15,846	-	-	15,846	12,789
Richmond Jewish Foundation reimbursement	35,415	-	-	35,415	34,700
Miscellaneous	45,303	-	5,219	50,522	32,924
In-kind contributions	1,972	-	-	1,972	3,675
Gain on disposal of property and equipment	12,650	-	-	12,650	-
Net assets released from restrictions	360,754	-	(360,754)	-	-
Total revenues and other support	<u>3,331,520</u>	<u>-</u>	<u>(67,814)</u>	<u>3,263,706</u>	<u>3,436,232</u>
EXPENSES AND OTHER DEDUCTIONS					
Allocations, organizations, and programs	1,941,921	-	-	1,941,921	2,243,511
Program services					
Jewish community relations	84,396	-	-	84,396	67,469
Richmond Jewish Foundation	27,065	-	-	27,065	26,156
Outreach and engagement	238,699	-	-	238,699	206,909
Reflector	97,546	-	-	97,546	97,198
Richmond community Jewish education	17,290	-	-	17,290	27,205
Management and general	256,291	-	-	256,291	185,427
Fundraising	649,773	-	-	649,773	625,194
Depreciation	16,443	-	-	16,443	16,516
Total expenses and other deductions	<u>3,329,424</u>	<u>-</u>	<u>-</u>	<u>3,329,424</u>	<u>3,495,585</u>

(Continued)

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

(Concluded)

	Unrestricted		Temporarily Restricted	Total	
	Operating Fund	Plant Fund		2018	2017
Deficiency of support and other revenue over expenses and other deductions before transfers	<u>2,096</u>	<u>-</u>	<u>(67,814)</u>	<u>(65,718)</u>	<u>(59,353)</u>
TRANSFERS	<u>(11,232)</u>	<u>11,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS					
Unrestricted	(9,136)	11,232	-	2,096	(121,530)
Temporarily restricted	<u>-</u>	<u>-</u>	<u>(67,814)</u>	<u>(67,814)</u>	<u>62,177</u>
Increase (decrease) in net assets	(9,136)	11,232	(67,814)	(65,718)	(59,353)
Net assets at beginning of year	<u>1,391,849</u>	<u>24,262</u>	<u>114,722</u>	<u>1,530,833</u>	<u>1,590,186</u>
Net assets at end of year	<u>\$ 1,382,713</u>	<u>\$ 35,494</u>	<u>\$ 46,908</u>	<u>\$ 1,465,115</u>	<u>\$1,530,833</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	Program		
	Jewish Community Relations	Richmond Jewish Foundation	Outreach and Engagement
Salaries			
Professional salaries	\$ 45,084	\$ -	\$ 74,263
Staff salaries	2,319	-	2,319
Total salaries	47,403	-	76,582
Defined benefit pension	-	-	-
Fringe benefits and related expenses	9,502	-	16,119
Total salaries and related expenses	56,905	-	92,701
Program/meetings	13,458	-	11,452
PJ Library program	-	-	10,835
Reflector publishing	-	-	-
Overhead expenses	-	-	-
Printing and photography	-	-	69
Information systems / technology	1,197	2,303	1,197
Leadership development	-	-	-
Postage	735	3,107	1,202
Missions	-	-	111,931
Telephone	596	1,619	581
Auto	263	23	404
Office supplies	498	333	513
Occupancy	5,554	15,388	5,761
Payroll preparation / bank fees	107	438	107
Marketing / website	-	-	-
Equipment maintenance	158	2,262	158
Staff / volunteer conferences	2,147	-	620
Professional fees	960	-	960
Insurance	194	1,581	194
Subscriptions	259	11	14
Dues / sponsorships	1,365	-	-
Staff recruiting	-	-	-
Credit card fees	-	-	-
	27,491	27,065	145,998
Total functional expenses	\$ 84,396	\$ 27,065	\$ 238,699

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

Reflector	Services		Management and General	Fundraising	Total	
	Rich. Comm. Jewish Education	Total Program Services			2018	2017
\$ 14,702	\$ -	\$ 134,049	\$ 103,125	\$ 314,123	\$ 551,297	\$ 529,770
23,775	-	28,413	27,187	48,270	103,870	100,843
38,477	-	162,462	130,312	362,393	655,167	630,613
-	-	-	18,523	55,575	74,098	74,703
5,084	-	30,705	19,866	54,995	105,566	103,794
43,561	-	193,167	168,701	472,963	834,831	809,110
-	17,290	42,200	-	59,694	101,894	98,799
-	-	10,835	-	-	10,835	12,089
45,970	-	45,970	-	-	45,970	41,541
-	-	-	-	-	-	20,074
961	-	1,030	772	11,157	12,959	14,655
1,197	-	5,894	5,942	11,836	23,672	22,757
-	-	-	-	-	-	4,424
545	-	5,589	1,219	7,524	14,332	9,702
-	-	111,931	-	15,313	127,244	80,969
276	-	3,072	843	1,988	5,903	3,855
98	-	788	744	3,411	4,943	4,811
121	-	1,465	1,687	2,877	6,029	4,508
2,918	-	29,621	6,199	22,792	58,612	42,725
72	-	724	1,364	1,391	3,479	3,869
-	-	-	-	14,173	14,173	17,161
285	-	2,863	580	2,124	5,567	5,415
-	-	2,767	-	3,063	5,830	10,211
480	-	2,400	4,050	4,800	11,250	7,828
1,045	-	3,014	1,896	3,599	8,509	9,456
17	-	301	14	302	617	739
-	-	1,365	-	-	1,365	2,460
-	-	-	62,280	355	62,635	-
-	-	-	-	10,411	10,411	8,400
53,985	17,290	271,829	87,590	176,810	536,229	426,448
\$ 97,546	\$ 17,290	\$ 464,996	\$ 256,291	\$ 649,773	\$ 1,371,060	\$ 1,235,558

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Cash Flows

For the Year Ended June 30, 2018

With Comparative Amounts for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (65,718)	\$ (59,353)
Adjustments to reconcile change in net assets to cash used in operating activities		
Depreciation	16,443	16,516
Unrealized gain on investments	(4,299)	(17,427)
Realized gain on sale of investments	(20,432)	(22,934)
Gain on sale of property and equipment	(12,650)	-
Changes in assets and liabilities:		
Campaign endowments	(2,255)	(3,318)
Accounts receivable	51,796	(67,953)
Pledges receivable		
Annual Welfare Fund Campaign	(28,302)	(59,851)
2015 Israel Emergency Campaign	260	1,200
Other receivables	21,555	26,440
Prepaid expenses and other current assets	(17,692)	24,149
Notes receivable interest	(787)	(900)
Accounts payable and accrued expenses	6,712	4,237
Allocations payable	(377,330)	13,767
Impact grants payable	-	(7,645)
Deferred revenue	(16,100)	3,525
Defined benefit pension liability	(601)	(3,393)
Net cash used in operating activities	<u>(449,400)</u>	<u>(152,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments on notes receivable	5,787	9,248
Proceeds from maturity of investments	425,086	1,403,181
Purchase of investments	(409,984)	(871,869)
Investment fees paid	1,743	3,296
Proceeds from sale of property and equipment	12,650	-
Purchase of furniture and equipment	(27,675)	(2,868)
Net cash provided by investing activities	<u>7,607</u>	<u>540,988</u>
Net increase (decrease) in cash and cash equivalents	<u>(441,793)</u>	<u>388,048</u>
CASH AND CASH EQUIVALENTS		
Beginning	<u>648,653</u>	<u>260,605</u>
Ending	<u>\$ 206,860</u>	<u>\$ 648,653</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

The Jewish Community Federation of Richmond (the "Federation") is a nonprofit corporation organized under the laws of the State of Virginia for the purpose of fund-raising. The federation responds to the community's evolving needs by planning strategically with ongoing evaluations, raising, and allocating funds for communal priorities and building community relations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation is consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117) "Financial Statements of Not-For-Profit Organizations." Under FASB ASC 958-225-45-1, the Federation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are defined as net assets that are free of donor-imposed restrictions. The Federation has no permanently restricted net assets as of June 30, 2018.

Basis of Accounting

The financial statements of the Federation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Federation, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges, Allocations, and Expenses

Pledges are recorded when made, and an allowance is provided for estimated uncollectible campaign pledges (i.e. reserve). Collections on pledges in excess of estimated collectible amounts are recorded as additional public support in the year received. Allocations to agencies, other organizations and programs of the Federation are recorded when the commitment is made. Other expenses are recorded when incurred.

Donor Restricted Gifts

The Federation reports its contributions in accordance with FASB ASC 958-605-50-1 (formally SFAS No. 116) "Accounting for Contributions Received and Contributions Made." In accordance with FASB ASC 958-605-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

Investments

Investments are carried in the financial statements at fair value. Investments held to maturity in excess of one year are reported as long-term investments. Unrealized holding gains and losses are reported in net investment income.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture, and Equipment

Equipment and furniture are stated at cost if purchased or at the approximate fair market value at the date of donation for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5-7 years

Functional Expenses

The cost of providing the various services and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited.

Income Taxes

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

The Federation follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management evaluated the Federation's tax position and concluded that the Federation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Federation is no longer subject to examination by tax authorities for periods before 2014. The Federation is not currently under audit by any tax jurisdiction.

Donated Services

A substantial number of volunteers have donated their time to Federation activities. \$1,972 has been recorded for in-kind marketing services for the year ended June 30, 2018.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Federation's financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, and investments. The Federation maintains cash equivalents in excess of federally insured limits. The Federation's cash, cash equivalents, and investments are in institutions whose credit ratings are monitored by the Federation. This policy limits exposure to concentrations of credit risk.

Subsequent Events

Subsequent events were evaluated through September 5, 2018, which is the date the financial statements were available to be issued.

NOTE 3. FURNITURE AND EQUIPMENT

The cost of furniture and equipment and accumulated depreciation thereon is as follows at June 30, 2018.

Furniture and equipment	\$ 122,677
Less: Accumulated depreciation	<u>(87,183)</u>
Furniture and equipment, net	<u>\$ 35,494</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 4. SHORT-TERM INVESTMENTS

Short-term investments at June 30, 2018, consist of the following.

	<u>Available for Operations</u>	<u>Held for Campaign Endowments</u>	<u>Total</u>
Money market funds	\$ 260,142	\$ -	\$ 260,142
Corporate bonds	367,625	-	367,625
Government agency bonds	317,320	-	317,320
Israel bonds	30,920	-	30,920
Other investments	895,404	-	895,404
Cash surrender value of life insurance	<u>-</u>	<u>23,213</u>	<u>23,213</u>
	1,871,411	23,213	1,894,624
Less: long-term investments	<u>1,611,269</u>	<u>23,213</u>	<u>1,634,482</u>
	<u>\$ 260,142</u>	<u>\$ -</u>	<u>\$ 260,142</u>

The stated cost for investments is \$1,883,033 at June 30, 2018.

Investment income for the year ended June 30, 2018 consists of the following:

Interest and dividend income	\$ 44,102
Net realized gain	20,432
Net unrealized gain	4,299
Investment fees – Caprin	(1,743)
Investment fees – RJF	<u>(7,034)</u>
	<u>\$ 60,056</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 5. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Corporate bonds	\$ 367,625	\$ 367,625	\$ -	\$ -
Government agency bonds	317,320	317,320	-	-
Israel bonds	30,920	-	30,920	-
Other investments	895,404	742,753	113,686	38,965
Cash surrender value of life insurance	<u>23,213</u>	<u>-</u>	<u>-</u>	<u>23,213</u>
	<u>\$ 1,634,482</u>	<u>\$ 1,427,698</u>	<u>\$ 144,606</u>	<u>\$ 62,178</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Cash surrender value of life insurance	Private Equity Investments
July 1, 2017	\$ 20,958	\$ 35,437
Unrealized gain	<u>2,255</u>	<u>3,528</u>
June 30, 2018	<u>\$ 23,213</u>	<u>\$ 38,965</u>

Unrealized gains included in unrestricted net assets for the year are reported in investment income.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair values of level 3 assets were determined by direct confirmation with the annuity insurance company and the brokerage firm.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 6. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2018 from the annual welfare fund campaign are as follows:

Receivable in less than one year	\$ 2,125,988
Less: allowance for uncollectible pledges	<u>(402,950)</u>
Net pledges receivable at June 30, 2018	<u>\$ 1,723,038</u>

It is management's policy to report the allowance for uncollectible pledges cumulatively, regardless of the year the pledge was signed, until there is a determination that the pledge is uncollectible. Of the amount shown here, a significant portion (\$630,000) is from five donors. These donors have indicated the payments will be collected from their respective legacies.

NOTE 7. SUMMARY OF ALLOCATIONS

The allocations to organizations for 2018 are summarized as follows:

Overseas	\$ 634,844
Local	830,618
Non-local	123,219
Special allocations	58,476
Other allocations (temporarily restricted)	<u>282,250</u>
	<u>\$ 1,929,407</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 8. NOTES RECEIVABLE

The Federation originated an unsecured note receivable on June 30, 2013 with an unrelated party in the amount of \$50,000 with interest at 2.25% per annum. \$787 in interest has been recorded for the year ended June 30, 2018. Principal payments of \$5,000 and accrued interest are payable annually beginning June 30, 2015. As of June 30, 2018, the balance on this note receivable was \$30,000. The note matures on June 30, 2024. No allowance for loan loss has been recorded as management believes the balance to be fully collectible.

Notes receivable are presented as follows:

Notes receivable at June 30, 2018	\$	30,000
Less: notes receivable, current portion		<u>(5,000)</u>
Long-term notes receivable at June 30, 2018	\$	<u>25,000</u>

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at June 30, 2018 are as follows:

Donor designated gifts	\$	282,250
Annual Welfare Fund Campaign – 2018		66,870
Special projects		<u>11,634</u>
	\$	<u>360,754</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 10. NET ASSETS

Unrestricted and temporarily restricted net assets at June 30, 2018 are available for the following purposes:

Unrestricted net assets

Board Designated

2017-2018 operating budget	\$	177,358
Richmond Community Jewish Education		40,426
Jewish community relations		99,006
Outreach and engagement		106,598
Indigent funds		5,000
Teen Mission scholarships		5,000
Administrative development		9,007
Local agency capital need		<u>73,450</u>
		515,845

Operating

902,362

\$ 1,418,207

Temporarily restricted net assets

H. J. Levinson Maimonides Fund	\$	10,261
Campaign endowments		23,213
Special projects		5,218
Annual Welfare Fund Campaign - 2019		<u>8,216</u>
	\$	<u>46,908</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 11. PENSION RETIREMENT PLANS

Between 1970 and 2007, the Federation participated in a Mutual of America defined benefit pension plan administered by United Way of Greater Richmond and Petersburg to participating affiliated agencies. In 2007, United Way of Greater Richmond and Petersburg terminated this plan. On October 17, 2007, the Federation's Board of Directors approved a resolution to stop accruing employee benefits in this plan as of December 31, 2007.

The economic recession depreciated the pension plan assets while at the same time the pension liability continues to grow as employees age in the plan and become closer to receiving a benefit. Additionally, at the direction of the United Way, the Federation did not make any contributions to the plan between 2003 and 2008. The February 1, 2018 funded status report calculates \$35.2M in assets and \$46.3M in liabilities resulting in a \$11.1M under funding. Contributions are required by each agency until the appropriate funding level is obtained. The underfunded amount will be re-calculated each year as market interest rates change. The Federation's share of the underfunded liability payable for its 2018-2019 fiscal year is \$74,100. From 2018 through 2023, it is projected by the pension administrator that the annual pension liability will remain static, assuming no other participating agencies cease operations. If another agency were to shut down, the remaining participating agencies would absorb the underfunded liability of the defunct agency.

On July 1, 1998, the Federation established a defined contribution retirement plan. Currently, the Federation matches up to 4% of an employee's salary. Those employed on July 1, 1998 who were eligible for benefits were fully vested. New employees become fully vested in three years. The Federation's contributions to this plan were \$19,296 and \$19,345 for 2018 and 2017, respectively.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2018

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Federation has an agreement with the Richmond Jewish Foundation whereby on an annual basis the Federation allocates a portion of certain overhead expenses to the Foundation. The Federation received \$35,415 for the year ended June 30, 2018, which includes dues to the Jewish Federations of North America.

Effective September 1, 2006, the Federation and the Weinstein Jewish Community Center entered into a formal lease agreement. The Federation will pay the Weinstein Jewish Community Center a yearly base rent of \$40,000. On September 1, 2008 and each September 1 thereafter for a period of twenty years, the base will increase by 2.5% annually to absorb any increased fixed or variable costs. Such charges amounted to \$50,905 for the year ended June 30, 2018.

Following is a schedule of future lease commitments:

2019	\$ 52,178
2020	53,482
2021	54,819
2022	56,189
2023	57,594
Thereafter	<u>322,861</u>
	<u>\$ 597,123</u>

On April 8, 2015, the Federation entered into a computer services agreement with an unrelated local corporation for computer hardware and software support. This agreement currently requires monthly payments of \$1,348 through April 7, 2021. Under the terms of the agreement, this contract was extended for a three-year term with a 5% increase. For the year ended June 30, 2018, the expense for these computer services was \$15,923.

SUPPLEMENTARY INFORMATION

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2018

Year	Total Campaign Pledges	Total Collections	Cancellations and Adjustments
2018	\$ 2,825,143	\$ 1,127,811	\$ -
2017	3,081,760	2,877,290	(47,740)
2016	3,003,930	2,925,623	(49,487)
2015	3,023,242	2,986,056	(12,596)
2014 and prior	106,513,526	104,801,380	(1,493,631)

JEWISH COMMUNITY FEDERATION OF RICHMOND**Schedule of Pledges Receivable and Collections History****June 30, 2018**

Pledges Receivable at June 30, 2018

Gross	Reserve Allowance	Net	Percentage Collected To Date
\$ 1,697,332	\$ 100,000	\$ 1,597,332	40.0%
156,730	52,260	104,470	93.4%
28,820	28,820	-	97.4%
24,590	19,649	4,941	98.8%
218,515	202,220	16,295	98.4%

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2018

	Allocation Payable <u>June 30, 2017</u>	2017-2018 <u>Allocated</u>	2017-2018 Payments and Unused <u>Allocations</u>	Allocation Payable <u>June 30, 2018</u>
OVERSEAS				
JFNA Welfare Fund	\$ 1,206,016	\$ 567,054	\$ 684,702	\$ 1,088,368
Overseas Electives	139,210	64,211	135,869	67,552
I & O US Based	<u>19,320</u>	<u>3,579</u>	<u>11,059</u>	<u>11,840</u>
	<u>1,364,546</u>	<u>634,844</u>	<u>831,630</u>	<u>1,167,760</u>
NON-LOCAL				
Aleph Bet Pre-school	13,759	13,759	13,759	13,759
BBYO	20,000	20,000	20,000	20,000
BBYO/VHM Impact Grant	20,000	8,000	20,000	8,000
Bonay Kodesh Impact Grant	10,000	-	10,000	-
Congregation Or Atid Impact Grant	8,500	-	8,500	-
GMU Hillel	4,200	4,200	4,200	4,200
Interfaith Programming Impact Grant	-	15,000	-	15,000
JCPA	1,162	-	1,162	-
Jewish VCU	10,500	10,500	10,500	10,500
Jewish VCU Impact Grant	20,000	20,000	20,000	20,000
JMU Hillel	3,440	500	1,800	2,140
KBI/JSU Impact Grant	15,000	8,000	15,000	8,000
Radford Hillel	1,000	1,000	1,000	1,000
Taglit-Birthright Israel	17,000	10,000	17,000	10,000
Temple Beth-El Impact Grant	7,500	-	7,500	-
UVA Hillel	5,250	5,250	5,250	5,250
VA Tech Hillel	5,250	5,250	5,250	5,250
VAAD	500	500	500	500
VCU Judaic Program	250	-	250	-
Washington and Lee Hillel	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>	<u>1,260</u>
	<u>164,571</u>	<u>123,219</u>	<u>162,931</u>	<u>124,859</u>
LOCAL				
Beth Sholom Home	255,800	202,536	255,800	202,536
Jewish Family Services	161,000	162,660	161,000	162,660
Rudlin Torah Academy	168,720	166,278	168,720	166,278
Weinstein Jewish Community Center	<u>379,500</u>	<u>299,144</u>	<u>326,000</u>	<u>352,644</u>
	<u>965,020</u>	<u>830,618</u>	<u>911,520</u>	<u>884,118</u>

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2018

(Concluded)

	Allocation Payable <u>June 30, 2017</u>	2017-2018 Allocated	2017-2018 Payments and Unused Allocations	Allocation Payable <u>June 30, 2018</u>
SPECIAL				
Community Study	-	25,676	25,676	-
Life & Legacy Program	-	26,800	26,800	-
Weinstein JCC - Israel Fest	-	6,000	6,000	-
	-	58,476	58,476	-
RESTRICTED				
American Jewish JDC	11,000	5,000	16,000	-
American Red Magen David	-	8,000	8,000	-
Chabad Lubavitch	-	45,000	45,000	-
Haifa Women's Shelter	-	5,000	5,000	-
Interfaith Mission	-	1,000	-	1,000
Interfaith Programming	-	10,250	-	10,250
JFNA - Neve Michael	-	5,000	5,000	-
Local Agency Specific	306,180	199,000	255,180	250,000
Yad Vashem	-	4,000	4,000	-
Zaporozhye	7,000	-	4,000	3,000
	324,180	282,250	342,180	264,250
	<u>\$ 2,818,317</u>	<u>\$ 1,929,407</u>	<u>\$ 2,306,737</u>	<u>\$ 2,440,987</u>