

THE JEWISH FEDERATION OF  
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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August 20, 2013

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors of  
The Jewish Federation of Greater New Haven, Inc.  
360 Amity Road  
Woodbridge, CT 06525

We have audited the accompanying statements of financial position of The Jewish Federation of Greater New Haven, Inc. (a nonprofit organization) as of July 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Jewish Federation of Greater New Haven, Inc. as of July 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Federation has not recorded a derivative liability for the year ended July 31, 2011. The previously issued financial statements have been restated for the correction of an error. Our opinion is not modified with respect to that matter.

*Teplitzky & Co. P.C.*

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2012 AND 2011

ASSETS

	2012	Restated 2011
Assets		
Cash and Cash Equivalents	\$ 332,529	\$ 524,999
Unconditional Promises to Give, Net of Allowances for Unredeemed Promises of \$122,000 and \$106,605	1,615,888	1,886,051
Other Receivables, Net	151,658	148,169
Notes Receivable	1,393,037	1,384,938
Prepaid Expenses	49,935	54,496
Cash Surrender Value of Life Insurance	194,097	189,152
Inventory	36,222	36,605
Investments	35,437,190	37,186,507
Deposits	1,545	4,750
Property and Equipment, Net	10,753,636	11,030,324
Total Assets	<u>\$ 49,965,737</u>	<u>\$ 52,445,991</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable	\$ 1,477,707	\$ 1,297,494
Accrued Liabilities and Allocations	317,573	86,389
Notes Payable - Demand	3,697,049	238,114
Notes Payable	-	3,571,340
Interest Rate Swap Agreements	291,820	299,785
Leases Payable	20,181	10,874
Deferred Compensation	100,554	100,066
Deferred Revenue	312,040	423,854
Liabilities Under Split Interest Agreements	1,924,175	1,411,043
Custodial Accounts	5,023,494	4,642,114
Total Liabilities	<u>13,164,593</u>	<u>12,081,073</u>
Net Assets:		
Unrestricted	19,036,189	22,618,519
Temporarily Restricted	830,011	945,838
Permanently Restricted	16,934,944	16,800,561
Total Net Assets	<u>36,801,144</u>	<u>40,364,918</u>
Total Liabilities and Net Assets	<u>\$ 49,965,737</u>	<u>\$ 52,445,991</u>

See accompanying notes and independent accountant's report.

Exhibit: A - Page 2

Teplitzky & Company, P.C. - Certified Public Accountants

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

JULY 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 4,082,422	\$ 5,000	\$ 134,383	\$ 4,221,805
Program Service Fees	2,861,191	-	-	2,861,191
Investment Return	267,130	(23,041)	-	244,089
Memberships	1,447,247	-	-	1,447,247
Rental Income	81,119	-	-	81,119
Other	97,404	-	-	97,404
Present Value Adjustment to Split-Interest Agreements	(547,061)	(43,759)	-	(590,820)
Net Assets Released from Restrictions	54,027	(54,027)	-	-
Total Revenue and Support	8,343,479	(115,827)	134,383	8,362,035
Expenses				
Program Services	9,399,453	-	-	9,399,453
Management and General	2,051,836	-	-	2,051,836
Fundraising	482,483	-	-	482,483
Total Expenses	11,933,772	-	-	11,933,772
Change in Net Assets From Operations	(3,590,293)	(115,827)	134,383	(3,571,737)
Unrealized Gain on Interest Rate Swaps	7,965	-	-	7,965
Change in Net Assets	(3,582,330)	(115,827)	134,383	(3,563,774)
Net Assets - Beginning of Year	22,618,519	945,838	16,800,561	40,364,918
Net Assets - End of Year	\$19,036,189	\$ 830,011	\$16,934,944	\$36,801,144

See accompanying notes and independent accountant's report.

Exhibit: B - Page 3

Teplitzky & Company, P.C. - Certified Public Accountants

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES - RESTATED

JULY 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 3,619,470	\$ 75,000	\$ 4,884,953	\$ 8,579,423
Program Service Fees	3,158,803	-	-	3,158,803
Investment Return	2,863,789	139,940	-	3,003,729
Memberships	1,337,090	-	-	1,337,090
Rental Income	73,562	-	-	73,562
Other	66,847	-	-	66,847
Present Value Adjustment to Split-Interest Agreements	(62,419)	(29,245)	-	(91,664)
Net Assets Released from Restrictions	137,165	(137,165)	-	-
Total Revenue and Support	11,194,307	48,530	4,884,953	16,127,790
Expenses				
Program Services	8,473,069	-	-	8,473,069
Management and General	1,896,365	-	-	1,896,365
Fundraising	434,209	-	-	434,209
Total Expenses	10,803,643	-	-	10,803,643
Change in Net Assets In Operations	390,664	48,530	4,884,953	5,324,147
Unrealized Gain on Interest Rate Swaps	30,695	-	-	30,695
Change in Net Assets	421,359	48,530	4,884,953	5,354,842
Net Assets - Beginning of Year (as originally stated)	22,527,640	897,308	11,915,608	35,340,556
Prior Period Adjustment	(330,480)	-	-	(330,480)
Net Assets - Beginning of Year (restated)	22,197,160	897,308	11,915,608	35,010,076
Net Assets - End of Year	\$22,618,519	\$ 945,838	\$16,800,561	\$40,364,918

See accompanying notes and independent accountant's report.

Exhibit: B - Page 4

Teplitzky & Company, P.C. - Certified Public Accountants

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2012

	Grants and Allocations	Jewish Foundation	Eder Leadership Institute	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Jewish Cemetery Association	Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
Functional Expenses									
Israel & Overseas Programs	\$ 494,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,522
Community Support	483,704	-	-	-	-	-	-	-	483,704
Regional Agencies	31,858	-	-	-	-	-	-	-	31,858.00
Shoreline Initiative	58,000	-	-	-	-	-	-	-	58,000
National Agencies	18,122	-	-	-	-	-	-	-	18,122
Synagogue Initiative	10,000	-	-	-	-	-	-	-	10,000
Charitable Disbursements	-	2,240,273	-	-	-	-	-	-	2,240,273
Wages Taxes & Fringes	-	216,298	6,030	21,708	55,784	9,151	14,647	216,775	540,393
Program Expenses	-	21,004	2,948	788	2,382	331	19,027	36,739	83,219
Utilities	-	3,985	617	2,241	2,144	951	1,712	13,363	25,013
Repairs, Maintenance & Equipment	-	1,951	316	1,146	1,096	486	875	8,194	14,064
Bank Fees, Payroll & C/Card Processing	-	2,016	22	79	75	44	60	458	2,754
Marketing	-	39,609	-	193	-	-	5	10,197	50,004
Commercial Insurance	-	2,013	329	1,195	1,143	507	913	6,963	13,063
Meals, Travel & Lodging	-	3,326	378	-	-	-	-	10,221	13,925
Professional Fees	-	48,331	-	-	-	-	-	19,800	68,131
Miscellaneous	-	1,405	-	-	-	-	-	383	1,788
Depreciation	-	19,133	-	-	-	-	-	-	19,133
Bad Debt Expense	-	-	-	-	-	-	-	260,780	260,780
Total Functional Expenses	<u>\$1,096,206</u>	<u>\$2,599,344</u>	<u>\$ 10,640</u>	<u>\$ 27,350</u>	<u>\$ 62,624</u>	<u>\$ 11,470</u>	<u>\$37,239</u>	<u>\$583,873</u>	<u>\$4,428,746</u>

See accompanying notes and independent accountant's report.  
Exhibit: C - Page 5

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - JEWISH COMMUNITY CENTER  
YEAR ENDED JULY 31, 2012

	Programs						Center for Jewish Life and Learning (CJLL)				Total Expenses
	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Makom	March of Living	Adult Education	Other Programs	
Functional Expenses											
Wages Taxes & Fringes	\$ 842,614	\$ 219,480	\$ 861,983	\$ 274,154	\$ 162,408	\$ 657,686	\$ 42,186	\$ 11,055	\$ 18,643	\$ 39,394	\$ 3,129,603
Program Expenses	61,902	145,742	82,133	134,053	84,362	63,320	31,411	377,196	2,167	14,659	996,944
Utilities	78,158	23,332	87,767	27,185	15,165	67,037	3,676	1,293	1,848	5,678	311,138
Repairs, Maintenance & Equipment	41,714	26,056	65,209	16,331	7,917	38,467	2,029	579	1,665	16,315	216,283
Bank Fees, Payroll & C/Card Processing	2,740	802	3,335	935	61,107	2,341	196	77	71	126	71,730
Marketing	211	5,797	932	994	12,635	42,006	22	38	731	-	63,366
Commercial Insurance	41,648	13,992	46,801	14,208	7,796	35,869	1,960	604	985	1,918	165,781
Meals, Travel & Lodging	-	-	-	-	1,225	2,513	766	95	-	-	4,599
Professional Fees	42	-	-	-	42	8,493	-	-	-	-	8,577
Miscellaneous	-	69	169	-	-	-	-	13	-	-	251
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	2,435	-	-	-	-	2,435
Total Functional Expenses	<u>\$1,069,031</u>	<u>\$ 435,270</u>	<u>\$ 1,148,330</u>	<u>\$ 467,859</u>	<u>\$ 352,657</u>	<u>\$ 920,167</u>	<u>\$ 82,246</u>	<u>\$ 390,950</u>	<u>\$ 26,109</u>	<u>\$ 78,090</u>	<u>\$ 4,970,707</u>

See accompanying notes and independent accountant's report.  
Exhibit: C - Page 6



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2011

	Grants and Allocations	Jewish Foundation	Eder Leadership Institute	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Jewish Cemetery Association	Holocaust Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
<b>Functional Expenses</b>									
Israel & Overseas Programs	\$ 521,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,593
Community Support	422,911	-	-	-	-	-	-	-	422,911
Regional Agencies	45,342	-	-	-	-	-	-	-	45,342
Shoreline Initiative	23,524	-	-	-	-	-	-	-	23,524
National Agencies	17,162	-	-	-	-	-	-	-	17,162
Synagogue Initiative	8,846	-	-	-	-	-	-	-	8,846
Charitable Disbursements	-	1,673,389	-	-	-	-	-	-	1,673,389
Wages, Taxes & Fringes	-	218,859	6,000	21,375	59,382	24,644	19,680	257,183	607,123
Program Expenses	-	20,934	180	2,808	2,748	384	6,812	251,006	284,872
Utilities	-	18,038	259	4,675	4,675	5,695	5,564	25,525	64,431
Repairs, Maintenance & Equipment	-	8,785	118	2,127	2,127	20,757	2,226	13,383	49,523
Bank Fees, Payroll & C/Card Processing	-	1,596	5	83	83	98	83	456	2,404
Marketing	-	24,932	-	130	-	1,115	141	11,379	37,697
Commercial Insurance	-	7,563	108	1,940	1,940	1,943	1,948	10,592	26,034
Meals, Travel & Lodging	-	3,581	-	-	1,388	-	206	1,611	6,786
Professional Fees	-	8,135	-	-	-	1,900	-	52,520	62,555
Miscellaneous	-	920	-	-	-	569	-	-	1,489
Bad Debt Expense	-	-	-	-	-	-	-	39,959	39,959
<b>Total Functional Expenses</b>	<b>\$1,039,378</b>	<b>\$1,986,732</b>	<b>\$ 6,670</b>	<b>\$ 33,138</b>	<b>\$ 72,343</b>	<b>\$ 57,105</b>	<b>\$ 36,660</b>	<b>\$663,614</b>	<b>\$3,895,640</b>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - JEWISH COMMUNITY CENTER

YEAR ENDED JULY 31, 2011

	Programs						Center for Jewish Life and Learning (CJLL)			
	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Makom	Adult Education	Other Programs	Total Expenses
Functional Expenses										
Wages, Taxes & Fringes	\$ 876,172	\$ 210,704	\$ 817,249	\$ 269,933	\$ 195,915	\$ 538,901	\$ 47,427	\$ 19,555	\$ 221,034	3,196,890
Program Expenses	68,901	147,520	60,373	138,562	88,493	4,918	36,713	5,982	52,492	603,954
Utilities	22,130	13,082	78,481	43,200	34,274	42,471	5,106	1,148	37,278	277,170
Repairs, Maintenance & Equipment	9,475	14,354	48,618	21,938	15,775	34,968	2,114	1,272	26,357	174,871
Bank Fees, Payroll & C/Card Processing	348	229	1,392	796	81,854	736	83	39	602	86,079
Marketing	126	4,202	2,308	-	16,784	36,327	2,005	1,921	2,448	66,121
Commercial Insurance	8,405	6,945	32,572	18,646	13,695	17,580	1,954	484	16,381	116,662
Meals, Travel & Lodging	-	-	337	-	343	-	1,274	167	1,429	3,550
Professional Fees	-	-	-	-	-	6,370	-	-	-	6,370
Miscellaneous	-	-	-	-	-	55	-	-	70	125
Depreciation	-	-	-	-	-	-	-	-	6,000	6,000
Bad Debt Expense	-	-	-	-	10,024	17,285	-	-	12,328	39,637
Total Functional Expenses	<u>\$ 985,557</u>	<u>\$ 397,036</u>	<u>\$ 1,041,330</u>	<u>\$ 493,075</u>	<u>\$ 457,157</u>	<u>\$ 699,611</u>	<u>\$ 96,676</u>	<u>\$ 30,568</u>	<u>\$ 376,419</u>	<u>\$4,577,429</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JULY 31, 2012 AND 2011

	2012		2011	
	Management and General	Fundraising	Management and General	Fundraising
Expenses				
Wages Taxes & Fringes	\$ 805,183	\$ 341,635	\$ 746,513	\$ 294,393
Program Expenses	92,458	44,656	74,463	55,560
Utilities	94,913	32,886	95,039	25,897
Repairs, Maintenance & Equipment	87,977	25,356	70,866	15,444
Interest	191,320	-	231,133	-
Bank Fees, Payroll & C/Card Processing	52,583	7,628	47,178	11,517
Marketing	18,557	4,899	26,070	11,463
Commercial Insurance	41,175	17,299	32,750	9,934
Meals, Travel & Lodging	7,900	3,052	6,239	3,431
Professional Fees	96,165	4,988	53,930	5,752
Miscellaneous	336	84	4,306	818
Depreciation	480,992	-	503,953	-
Bad Debt Expense	82,277	-	3,925	-
Total Expenses	<u>\$ 2,051,836</u>	<u>\$ 482,483</u>	<u>\$ 1,896,365</u>	<u>\$ 434,209</u>

See accompanying notes and independent accountant's report.

Exhibit: D - Page 9

Teplitzky & Company, P.C. - Certified Public Accountants

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2012 AND 2011

	2012	Restated 2011
Operating Activities:		
Change in Net Assets	\$ (3,563,774)	\$ 5,354,842
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	500,125	509,953
Increase in Allowance for Uncollectible Promises to Give	15,395	17,160
Net Realized and Unrealized Gains on Investments	759,462	(4,398,923)
Non Cash Gifts	(217,513)	(399,642)
Net (Increase) Decrease in Cash Surrender Value of Life Insurance	(4,945)	49,861
Contributions Restricted to Long-Term Investments	(134,383)	(4,884,953)
Unrealized Gain on Interest Rate Swaps	(7,965)	(30,695)
Decrease (Increase) in Assets:		
Unconditional Promises to Give	254,768	(215,580)
Other Receivables	(3,489)	232,449
Prepaid Expenses	4,561	(16,733)
Inventory	383	134
Deposits	(3,205)	-
Increase (Decrease) in Liabilities		
Accounts Payable	180,213	204,989
Accrued Liabilities and Allocations	231,184	(201,202)
Deferred Compensation	488	(4,446)
Deferred Revenue	(111,814)	6,545
Net Cash Used by Operating Activities	(2,100,509)	(3,776,241)
Investing Activities:		
Increase in Notes Receivable	(8,099)	(58,935)
Purchases of Long-Term Investments	(13,224,457)	(19,889,408)
Proceeds from Sales of Long-Term Investments	14,431,824	16,798,093
Purchases of Property and Equipment	(217,026)	(236,966)
Net Cash Provided by (Used by) Investing Activities	982,242	(3,387,216)
Financing Activities:		
Increase in Custodial Accounts	381,380	802,039
Increase in Split Interest Agreements	513,132	1,215,310
Proceeds from Contributions Restricted for Investment in Endowment	134,383	4,884,953
Net Borrowings (Payments) on Notes Payable - Demand	(112,405)	-
Net Borrowings (Payments) on Notes Payable	-	(99,876)
Net Borrowings (Payments) on Capital Leases	9,307	(15,975)
Net Cash Provided by Financing Activities	925,797	6,786,451
Net Decrease in Cash and Cash Equivalents	(192,470)	(377,006)
Cash and Cash Equivalents - Beginning of Year	524,999	902,005
Cash and Cash Equivalents - End of Year	\$ 332,529	\$ 524,999

See accompanying notes and independent accountant's report.

Exhibit: E - Page 10

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jewish Federation of Greater New Haven, Inc. (the Federation) is a nonprofit charitable organization described in Internal Revenue code Section 501(c)(3). The Federation is the central planning, fund-raising and coordinating body of the Jewish community in South Central Connecticut. Located at 360 Amity Road in Woodbridge, Connecticut, the Jewish Federation funds a variety of constituent and beneficiary agencies and administers the UJA Federation Campaign, the Jewish Foundation, the Department of Jewish Education, the Refugee Resettlement programs and other activities. The Federation is supported primarily through donor contributions from within the County of New Haven, Connecticut.

Basis of Accounting

The Federation prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Annual Campaigns

Annual campaigns are conducted during the fall of each year to raise support for allocations to participating agencies in the subsequent calendar year. Campaign support (contributions and pledges received or receivable) for annual campaigns are classified as temporarily restricted revenue until the year of allocation to participating agencies. Generally, all contributions are considered available for unrestricted use by the Federation unless it is determined that contributions are specifically restricted by the donor. Pledges receivable are reported on the balance sheet and allowances are provided for amounts estimated to be uncollectible.

Federal Income Tax

The Federation is a not-for-profit organization exempt from taxation under Internal Revenue Code section 501(c)(3) and is not considered a private foundation. The Federation is required to file Federal Form 990 annually.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is valued at cost using the first-in, first-out method or market, whichever is lower.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor, that are released from restrictions within the fiscal year in which the contributions are recognized, are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

The allowance method is used to determine uncollectible unconditional promise receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributed Services

A substantial number of volunteers donate their time to the Federation. These services do not meet the criteria for recording as contributions under U.S. generally accepted accounting principles.

Investments

The Federation's investments are stated at fair value. The Federation's investments in mutual funds are valued at the net asset value of shares held. In general, there are no restrictions as to the redemption of these funds, nor does the Federation have any contractual obligations to further invest in any of these funds. In addition, these funds have daily or monthly liquidity with trades settling between one to three days. Investments in common stock are valued using quoted market prices reported on the active market upon which the individual securities are traded. The fair values of the fixed income securities are determined based on valuations provided by an independent pricing service.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Dividend and interest income as well as gains or losses on investments are reported in the statement of activities as either increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

The Federation holds significant investments in fixed-income and equity securities. These investments are monitored by the Federation's Investment Committee and made in a manner consistent with policies and guidelines established by the Investment Committee and approved by the Board of Trustees. In addition to market risks, the Federation is also exposed to credit loss up to the amount of the investments in the event of nonperformance by the other parties to the investment transactions. However, nonperformance by the counterparties is not anticipated.

Alternative investments are stated at fair value and consist of direct investments in private companies, private equity investments, hedge funds and other limited partnership interests. Regarding direct investments in private companies, which are not readily marketable, they are carried at fair value and their fair values are determined in good faith by the Federation, based on relevant factors such as the most recent communications with the companies' management and/or representatives. Private equity investments, hedge funds and other limited partnership interests are carried at fair value. Fair value is determined by the partnership reports including its audited financial statements. Net changes in unrealized gains (losses) on alternative investments are reported on the statements of activities.

When investments are received as a donation or bequest, the fair value is recorded as the cost of the investment. Interest, dividends and realized gains or losses are recorded in unrestricted net assets unless otherwise restricted by the contributors. Restricted investment income is added directly to the appropriate restricted net asset fund.

Custodial Accounts

The Federation acts as an agent for other organizations for the purpose of being able to utilize the Federation's investment expertise. The assets and the return on investment of those assets are to be used on behalf of the other organizations.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Direct expenses are allocated, in total, to their respective programs. Indirect expenses are allocated to programs based on various equitable formula methods.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update (“ASU”) 2011-04, an amendment to the Accounting Standards Codification (ASC) 820 to ensure a consistent definition of fair value and fair value measurements under both U.S. GAAP and International Financial Reporting Standards (IFRS). The ASU will modify disclosure requirements for fair value measurements, and the guidance will be effective for the Federation beginning August 1, 2012. The Federation is currently assessing the impact of this guidance on its financial statements.

In January 2010, the FASB issued ASU No. 2010-06, “Improving Disclosure about Fair Value Measurements.” This ASU amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. ASU 2010-06 is effective January 1, 2010. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation effective August 1, 2011.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Federation evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements. As of the balance sheet date, for the year ended July 31, 2012, the Federation evaluated subsequent events through August 20, 2013 which is the date the financial statements were available to be issued.

The board of directors, of the Jewish Federation of Greater New Haven, Inc., at its January 4, 2011 board meeting unanimously passed a motion to amend the by-laws to establish the Foundation as a Type 1 supporting Organization. The motion states that the Foundation's assets will be transferred to a separate corporation, for the purpose of asset protection, effective after the fiscal year ending July 31, 2011. The assets have not been transferred as of August 20, 2013, the date of these financial statements.

NOTE 2 – CORRECTION OF AN ERROR

The Federation had erroneously not recorded and disclosed its interest rate swap agreement liability for the prior years. This was corrected by restating the 2011 financials by recording the following prior period adjustment through the beginning unrestricted net assets as of August 1, 2010:

Unrestricted Net Assets, as originally stated	\$22,527,640
Interest Rate Swap Agreement prior period adjustment	<u>(330,480)</u>
Unrestricted Net Assets, restated	<u>\$ 22,197,160</u>

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, net of allowance for unredeemed promises, are summarized as follows at July 31:

Unconditional Promises Expected to be Collected in:	2012	2011
Less Than One Year	\$ 1,400,924	\$ 1,726,088
One to Five Years	336,964	266,568
Less Allowance for Unredeemed Promises	<u>(122,000)</u>	<u>(106,605)</u>
Unconditional Promises to Give, Net	<u>\$ 1,615,888</u>	<u>\$ 1,886,051</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 4 – OTHER RECEIVABLES

Membership and Program receivables have been reviewed with management and are determined to be collectible as of July 31, 2012 and 2011. Management provided an allowance for doubtful accounts for the years ended July 31, 2012 and 2011 of \$10,000.

NOTE 5 – NOTES RECEIVABLE

Notes receivable on July 31 are summarized as follows:

Camp Laurelwood

In March, 2007, the Federation granted Camp Laurelwood a line of credit of \$1,500,000. During the fiscal year, the Federation accrued interest monthly throughout the year. The interest rate was converted in December 2008 so that it is linked to the greater of either; the Federation's spending policy (4.5% as of July 31, 2012 and 2011) or the Wall Street Journal's prime rate (3.25% as of July 31, 2012 and 2011). In January 2012, the Federation converted the line of credit for Camp Laurelwood into a term loan of \$1,411,101, with an annual interest rate of 4.5%. The outstanding balance on this note, as of July 31, 2012, is \$1,393,037, and is secured by a mortgage on the real property owned by Camp Laurelwood. Future principal and interest payments on the outstanding balance will be amortized until the year 2036.

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investments of the Federation consist primarily of cash and cash equivalents, mutual funds, hedge funds, limited partnerships and fixed income securities. In accordance with its approved investment practices and policies, investments held by the Federation are to be conservative and diversified in order to preserve capital, achieve the proper liquidity requirement of the Federation and avoid inappropriate concentration, credit and interest rate risk, while attempting to maximize returns.

The Federation reports its equity and fixed income investments at fair market value. Unrealized gains and losses are included as a component of investment return, net, in the accompanying statements of activities.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Cost and market values of investments as of July 31, 2012 and 2011 are summarized as follows:

	2012		2011	
	Cost	Market	Cost	Market
Cash and Cash Equivalents	\$ 8,267	\$ 8,267	\$ 2,816,217	\$ 2,816,217
Mutual Funds	23,859,807	25,238,894	22,837,229	26,560,731
Hedge Funds	8,453,995	8,941,955	6,414,280	7,055,086
Limited Partnerships	753,117	753,313	254,463	353,736
Fixed Income Securities	424,804	494,761	400,737	400,737
Total Investments	<u>\$ 33,499,990</u>	<u>\$35,437,190</u>	<u>\$32,722,926</u>	<u>\$37,186,507</u>

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and expands disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to this measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The Federation follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

*Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

*Level 2:* Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

*Level 3:* Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Federation used valuation techniques that maximize

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

The following is a description of the Federation's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Investment assets at fair value as of July 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & Cash Equivalents	\$ 8,267	\$ -	\$ -	\$ 8,267
Mutual Funds	25,238,894	-	-	25,238,894
Hedge Funds	-	8,941,955	-	8,941,955
Limited Partnerships	-	753,313	-	753,313
Fixed Income Securities	494,761	-	-	494,761
Total	<u>\$25,741,922</u>	<u>\$ 9,695,268</u>	<u>\$ -</u>	<u>\$35,437,190</u>

Investment assets at fair value as of July 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & Cash Equivalents	\$ 2,816,217	\$ -	\$ -	\$ 2,816,217
Mutual Funds	26,560,731	-	-	26,560,731
Hedge Funds	-	7,055,086	-	7,055,086
Limited Partnerships	-	353,736	-	353,736
Fixed Income Securities	400,737	-	-	400,737
Total	<u>\$29,777,685</u>	<u>\$ 7,408,822</u>	<u>\$ -</u>	<u>\$37,186,507</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Interest and investment income, net, is comprised of the following for the years ended July 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Dividend and Interest Income, Net	\$ 507,945	\$ 348,223
Net increase in the fair value of investments	<u>(263,856)</u>	<u>2,655,506</u>
Total	<u>\$ 244,089</u>	<u>\$ 3,003,729</u>

Realized gains and losses on investments represent the change in market value from the balance sheet date to the date of sale. Changes in market value for investments held by the Federation are reflected as net (decrease) increase in the fair value of investments, a component of investment return in the accompanying statements of activities.

Long-Term investments at July 31 are applicable to the following:

	<u>2012</u>	<u>2011</u>
Federation – Operating Foundation	\$ - <u>35,437,190</u>	\$ - <u>37,186,507</u>
Total	<u>\$ 35,437,190</u>	<u>\$ 37,186,507</u>

Net investment revenues are netted against management investment expenses, including custodial fees and investment advisory fees, which amounted to \$105,873 and \$109,082 for the years ended July 31, 2012 and 2011, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is being provided by use of the straight-line method over the assets' estimated useful lives as follows:

	Estimated Life in Years	2012	2011
Land and Land Improvements		\$ 1,827,015	\$ 1,827,015
Building	40 Years	13,836,724	13,836,724
Furniture, Fixtures and Equipment	5-10 Years	2,304,792	2,220,354
Building & Leasehold Improvements	39-40 Years	1,989,196	1,850,197
Less Accumulated Depreciation		(9,204,091)	(8,703,966)
Total		<u>\$ 10,753,636</u>	<u>\$ 11,030,324</u>

Depreciation expense for the years ended July 31, 2012 and 2011 was \$500,125 and \$509,953, respectively.

NOTE 8 – SPLIT-INTEREST AGREEMENTS

The Federation's split-interest agreements with donors consist of charitable gift annuities, charitable lead trusts and irrevocable charitable remainder trusts for which the Federation serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenues for charitable gift annuities and charitable remainder trusts are recognized on the date the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. Assets held in split-interest agreements totaled \$2,536,564 and \$3,573,196 on July 31, 2012 and 2011, respectively, and are reported at fair market value in the Federation's statement of financial position. On an annual basis, the Federation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present values of the estimated future payments are, \$1,924,175 and \$1,411,043 at July 31, 2012 and 2011, respectively, calculated using discount rates and applicable mortality tables.

NOTE 9 – RETIREMENT PLANS

The Federation maintains a retirement plan for its full-time, eligible employees. Under provisions of the plan, the Federation contributes 1% of all eligible employees' salaries. For the years ended July 31, 2012 and 2011, employer contributions totaled \$40,582 and \$34,792, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 9 – RETIREMENT PLANS (CONTINUED)

The Federation also has a deferred compensation agreement with the spouse of its former executive vice president. The liability under this agreement is \$100,554 and \$100,066 as of July 31, 2012 and 2011, respectively.

NOTE 10- NET ASSETS

Included in unrestricted net assets for the years ended July 31, 2012 and 2011, are designated Foundation investments of \$11,363,183 and \$11,843,503, respectively, of which \$5,112,389 and \$5,514,402 represents Philanthropic and Tzedakah funds at July 31, 2012 and 2011, respectively.

Temporarily restricted net assets at July 31 are available for the following purposes:

	2012	2011
Charitable Gift Annuities	\$ 830,011	\$ 945,838

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support programs services.

NOTE 11 – LEASES AND RENT

The Federation rents its classroom facilities on a month-to-month basis. Classroom rent expense amounted to \$12,519 and \$12,396 for the years ended July 31, 2012 and 2011, respectively.

NOTE 12 – CONCENTRATION OF CREDIT RISK DEBT

Credit Risk

The Federation maintains demand deposits and money market funds at financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and money market accounts are backed solely by the asset of the underlying

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 12 – CONCENTRATION OF CREDIT RISK DEBT (CONTINUED)

institution. Therefore, the failure of an underlying institution could result in financial loss to the Federation. However, the Federation has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

Market Risk

The Federation invests in a professionally managed portfolio of investments. Such investments are exposed to market and credit risks. Therefore, the Federation's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Interest Rate Risk

The Federation has notes payable with variable rates of interest. To minimize the unpredictability of interest payments, the Federation has entered into some interest rate swap agreements to convert some interest portion of its obligation from a variable rate to a fixed rate.

NOTE 13 – NOTES PAYABLE – DEMAND

A. Miscellaneous Individual Notes

Consist of individuals who loaned money to the Jewish Community Center of Greater New Haven, Inc. (JCC) at 6.00% interest. These notes are all payable upon demand. The combined balance as of July 31, 2012 and 2011 was \$232,401 and \$238,114, respectively.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 14 – NOTES PAYABLE

	<u>2012</u>	<u>2011</u>
A. TD Banknorth, N.A.		
In April 2009, the mortgage assumed from the JCC was modified and extended until May 2017 with a balloon payment, with an interest rate based on the British Bankers Association LIBOR rate plus 1.79% (2.03% and 1.98 % respectively as of July 31, 2012 and 2011). The mortgage is secured by the land and other Federation assets.	\$ 1,473,296	\$ 1,523,948
In June 2010, the existing revolving line of credit of \$2,100,000 was converted to a \$2,100,000 term loan. The loan is amortized through July 2019 with a balloon payment at a variable rate based on the 30-day British Bankers Association LIBOR rate plus 2.80% (3.04% and 2.99 % respectively as of July 31, 2012 and 2011). The note is secured by substantially all of the Federation's assets.	1,991,352	2,047,392
Total	<u>\$ 3,464,648</u>	<u>\$ 3,571,340</u>

The Federation has entered into various interest rate swap agreements on the above debt, which is intended to allow the Federation to minimize the risk of future interest rate fluctuations related to this debt. As the variable interest rate on the debt payable decreases, the interest rate liability increases. The agreements expire on May 18, 2017 and the agreement on the mortgage assumed by the JCC has a fixed interest rate of 7.22% and the Federation term loan has a fixed rate of 6.10%.

The fair value of the interest swap agreements is the estimated amount that the swap issuer would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter parties. In particular, the fair value of the interest rate swap agreements is based on an income approach calculation using Level 3 inputs. In the calculation, the swap issuer estimated the fair value of the liability based on the agreements. Management believes the calculation to be a reasonable approximation of the fair value of the liability under the interest rate swap agreements. The change in the liability under the interest rate swap agreements is recorded as an unrealized gain within the statement of activities.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 14 – NOTES PAYABLE (CONTINUED)

The fair value of the interest rate swap agreements, which is measured on a recurring basis using Level 3 inputs, consists of the following as of and for the year ended July 31:

	2012	2011
Interest rate swap agreements, beginning	\$ 299,785	\$ 330,480
Unrealized gain on interest rate swaps	(7,965)	(30,695)
Interest rate swap agreements, ending	<u>\$ 291,820</u>	<u>\$ 299,785</u>

The aggregate annual maturities of the notes payable as of July 31, 2012 are as follows:

Year	Amount
2013	\$ 114,108
2014	122,476
2015	131,058
2016	140,116
2017	149,291
Thereafter	<u>2,807,599</u>
Total	<u>\$ 3,464,648</u>

Interest expense for the years ended July 31, 2012 and 2011 is \$191,320 and \$231,133, respectively.

The TD Banknorth, N.A. loan agreements include restrictive financial and non financial covenants such as: a minimum global debt service coverage covenant and a minimum liquidity covenant. The Federation obtained a financial and non-financial covenant waiver for the year ended July 31, 2012. A non-financial covenant was obtained for the year ended July 31, 2011.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2012 AND 2011

NOTE 15 – OBLIGATION UNDER CAPITAL LEASES

The Organization is party to capital leases for equipment. The leases are secured by equipment with a cost of \$74,940 and accumulated depreciation of \$38,174. Future minimum lease payments are as follows:

<u>Year Ending July 31, 2012</u>	
Future Minimum Lease Payments	\$ 21,276
Less amount representing interest computed at 6.5%	<u>(1,095)</u>
Present value of minimum lease payments	20,181
Less current portion	<u>(9,121)</u>
Long-term portion	<u>\$ 11,060</u>

NOTE 16 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	<u>2012</u>	<u>2011</u>
Cash paid during the year for:		
Interest	\$ 177,034	\$ 217,655
Non Cash Gifts received	\$ 217,513	\$ 399,642