

THE JEWISH FEDERATION OF  
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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January 29, 2014

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Jewish Federation of Greater New Haven, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation of Greater New Haven, Inc. as of July 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2013 AND 2012

ASSETS

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 543,957	\$ 332,529
Unconditional Promises to Give, Net of Allowances for Unredeemed Promises of \$50,000 and \$122,000	1,618,070	1,615,888
Other Receivables, Net	121,257	151,658
Note Receivable	1,360,288	1,393,037
Prepaid Expenses	74,676	49,935
Cash Surrender Value of Life Insurance	208,007	194,097
Inventory	36,064	36,222
Investments	41,783,209	35,437,190
Deposits	1,545	1,545
Property and Equipment, Net	10,402,170	10,753,636
Total Assets	<u>\$ 56,149,243</u>	<u>\$ 49,965,737</u>

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities		
Accounts Payable	\$ 1,484,508	\$ 1,477,707
Accrued Liabilities and Allocations	323,860	317,573
Notes Payable - Demand	246,345	232,401
Notes Payable	3,350,540	3,464,648
Interest Rate Swap Agreements	189,515	291,820
Leases Payable	35,218	20,181
Deferred Compensation	95,797	100,554
Deferred Revenue	472,701	312,040
Liabilities Under Split Interest Agreements	2,240,002	1,924,175
Custodial Accounts	5,842,978	5,023,494
Total Liabilities	<u>14,281,464</u>	<u>13,164,593</u>
Net Assets:		
Unrestricted	22,894,106	19,036,189
Temporarily Restricted	824,700	830,011
Permanently Restricted	18,148,973	16,934,944
Total Net Assets	<u>41,867,779</u>	<u>36,801,144</u>
Total Liabilities and Net Assets	<u>\$ 56,149,243</u>	<u>\$ 49,965,737</u>

See accompanying notes and independent accountant's report.

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

JULY 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Contributions	\$ 5,694,734	\$ 10,000	\$ 1,214,029	\$ 6,918,763
Program Service Fees	2,614,460	-	-	2,614,460
Investment Return	3,849,185	86,525	-	3,935,710
Memberships	1,488,400	-	-	1,488,400
Rental Income	133,868	-	-	133,868
Other Grants and Contributions	62,829	-	-	62,829
Present Value Adjustment to Split-Interest Agreements	14,861	22,587	-	37,448
Net Assets Released from Restrictions	<u>124,423</u>	<u>(124,423)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>13,982,760</u>	<u>(5,311)</u>	<u>1,214,029</u>	<u>15,191,478</u>
Expenses				
Program Services	7,749,417	-	-	7,749,417
Management and General	1,940,832	-	-	1,940,832
Fundraising	<u>536,899</u>	<u>-</u>	<u>-</u>	<u>536,899</u>
Total Expenses	<u>10,227,148</u>	<u>-</u>	<u>-</u>	<u>10,227,148</u>
Change in Net Assets From Operations	3,755,612	(5,311)	1,214,029	4,964,330
Unrealized Gain on Interest Rate Swaps	<u>102,305</u>	<u>-</u>	<u>-</u>	<u>102,305</u>
Change in Net Assets	<u>3,857,917</u>	<u>(5,311)</u>	<u>1,214,029</u>	<u>5,066,635</u>
Net Assets - Beginning of Year	<u>19,036,189</u>	<u>830,011</u>	<u>16,934,944</u>	<u>36,801,144</u>
Net Assets - End of Year	<u>\$22,894,106</u>	<u>824,700</u>	<u>\$18,148,973</u>	<u>\$41,867,779</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

JULY 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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 Grants and Contributions	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	<u>8,343,479</u>	<u>(115,827)</u>	<u>134,383</u>	<u>8,362,035</u>
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	<u>11,933,772</u>	<u>-</u>	<u>-</u>	<u>11,933,772</u>
Change in Net Assets From Operations	(3,590,293)	(115,827)	134,383	(3,571,737)
Unrealized Gain on Interest Rate Swaps	<u>7,965</u>	<u>-</u>	<u>-</u>	<u>7,965</u>
Change in Net Assets	(3,582,330)	(115,827)	134,383	(3,563,774)
Net Assets - Beginning of Year	<u>22,618,519</u>	<u>945,838</u>	<u>16,800,561</u>	<u>40,364,918</u>
Net Assets - End of Year	<u>\$19,036,189</u>	<u>\$ 830,011</u>	<u>\$16,934,944</u>	<u>\$36,801,144</u>

See accompanying notes and independent accountant's report.

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2013

	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
Functional Expenses									
Israel & Overseas Programs	\$ 273,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,500
Community Support	643,658	-	-	-	-	-	-	-	643,658
Regional Agencies	19,191	-	-	-	-	-	-	4,167	23,358
National Agencies	18,122	-	-	-	-	-	-	-	18,122
Synagogue Initiative	4,660	-	-	-	-	-	-	3,840	8,500
Charitable Disbursements	-	1,634,990	-	-	-	-	-	-	1,634,990
Wages, Taxes & Fringes	-	213,248	2,225	22,546	44,308	6,524	10,619	235,419	534,889
Program Expenses	280	22,997	838	578	1,277	88	476	70,361	96,895
Utilities	-	472	3,200	2,329	5,347	788	1,271	25,132	38,539
Repairs, Maintenance & Equipment	-	-	1,337	1,057	2,407	355	572	21,021	26,749
Bank Fees, Payroll & C/Card Processing	292	2,274	106	83	191	28	45	851	3,870
Marketing	-	34,457	-	233	-	381	3	7,850	42,924
Commercial Insurance	-	-	1,014	795	1,826	269	434	8,119	12,457
Meals, Travel & Lodging	23	7,481	-	17	218	-	-	52,185	59,924
Professional Fees	8	48,615	-	-	-	438	-	48,167	97,228
Miscellaneous	-	1,253	-	-	-	-	-	-	1,253
Depreciation	-	18,873	-	-	-	-	-	-	18,873
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Total Functional Expenses	<u>\$ 959,734</u>	<u>\$1,984,660</u>	<u>\$ 8,720</u>	<u>\$ 27,638</u>	<u>\$ 55,574</u>	<u>\$ 8,871</u>	<u>\$ 13,420</u>	<u>\$477,112</u>	<u>\$3,535,729</u>

See accompanying notes and independent accountant's report.

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES - PROGRAM SERVICES  
YEAR ENDED JULY 31, 2012

	Grants and Allocations	Jewish Foundation	Eder Leadership Institute	Acculturatio n and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Jewish Cemetery Association	Education Prejudice Reductio n 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
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.  
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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES - JEWISH COMMUNITY CENTER  
YEAR ENDED JULY 31, 2013

	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	\$ 771,454	\$ 177,859	\$ 812,536	\$ 265,460	\$ 160,663	\$ 641,937	\$ 2,359	\$ 9,486	\$ 51,089	\$ 31,841	2,924,684
Program Expenses	51,266	163,754	71,119	72,267	99,738	54,891	150	40	21,177	15,850	550,252
Utilities	77,285	22,888	83,789	26,172	16,877	68,335	-	1,249	4,804	5,778	307,177
Repairs, Maintenance & Equipment	35,733	24,761	53,240	14,633	7,598	42,625	-	562	2,540	11,820	193,512
Bank Fees, Payroll & C/Card Processing	2,760	798	4,144	915	57,840	2,361	-	45	199	239	69,301
Marketing	158	6,099	1,563	247	5,651	37,437	-	-	3,428	425	55,008
Commercial Insurance	26,392	7,575	28,612	8,746	5,763	22,573	-	426	1,719	1,136	102,942
Meals, Travel & Lodging	-	-	-	-	-	220	-	-	3,357	-	3,577
Professional Fees	-	-	-	-	-	642	-	-	150	100	892
Miscellaneous	-	-	-	347	-	-	-	-	-	-	347
Bad Debt Expense	-	-	-	-	-	5,996	-	-	-	-	5,996
Total Functional Expenses	<u>\$ 965,048</u>	<u>\$ 403,734</u>	<u>\$ 1,055,003</u>	<u>\$ 388,787</u>	<u>\$ 354,130</u>	<u>\$ 877,017</u>	<u>\$ 2,509</u>	<u>\$ 11,808</u>	<u>\$ 88,463</u>	<u>\$ 67,189</u>	<u>\$ 4,213,688</u>

See accompanying notes and independent accountant's report.  
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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE 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
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 9

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JULY 31, 2013 AND 2012

	2013		2012	
	Management and General	Fundraising	Management and General	Fundraising
Expenses				
Wages Taxes & Fringes	\$ 744,467	\$ 404,301	\$ 805,183	\$ 341,635
Program Expenses	92,457	26,553	92,458	44,656
Utilities	92,626	43,673	94,913	32,886
Repairs, Maintenance & Equipment	80,042	28,118	87,977	25,356
Interest	201,532	-	191,320	-
Bank Fees, Payroll & C/Card Processing	47,860	8,883	52,583	7,628
Marketing	21,156	5,626	18,557	4,899
Commercial Insurance	26,744	14,680	41,175	17,299
Meals, Travel & Lodging	2,104	1,353	7,900	3,052
Professional Fees	107,789	3,692	96,165	4,988
Miscellaneous	2,928	20	336	84
Depreciation	470,775	-	480,992	-
Bad Debt Expense	50,352	-	82,277	-
Total Expenses	<u>\$ 1,940,832</u>	<u>\$ 536,899</u>	<u>\$ 2,051,836</u>	<u>\$ 482,483</u>

See accompanying notes and independent accountant's report.

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
Operating Activities:		
Change in Net Assets	\$ 5,066,635	\$ (3,563,774)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	489,649	500,125
(Decrease) Increase in Allowance for Uncollectible Promises to Give	(72,000)	15,395
Net Realized and Unrealized Gains on Investments	(4,064,479)	759,462
Non Cash Gifts Received	(426,949)	(217,513)
Net Increase in Cash Surrender Value of Life Insurance	(13,910)	(4,945)
Contributions Restricted to Long-Term Investments	(1,214,029)	(134,383)
Unrealized Gain on Interest Rate Swaps	(102,305)	(7,965)
Decrease (Increase) in Assets:		
Unconditional Promises to Give	69,818	254,768
Other Receivables	30,401	(3,489)
Prepaid Expenses	(24,741)	4,561
Inventory	158	383
Deposits	-	(3,205)
Increase (Decrease) in Liabilities		
Accounts Payable	6,801	180,213
Accrued Liabilities and Allocations	6,287	231,184
Deferred Compensation	(4,757)	488
Deferred Revenue	160,661	(111,814)
Net Cash Used in Operating Activities	(92,760)	(2,100,509)
Investing Activities:		
Decrease (Increase) in Notes Receivable	32,749	(8,099)
Purchases of Long-Term Investments	(27,840,081)	(13,224,457)
Proceeds from Sales of Long-Term Investments	25,985,490	14,431,824
Purchases of Property and Equipment	(138,183)	(217,026)
Net Cash (Used in) Provided by Investing Activities	(1,960,025)	982,242
Financing Activities:		
Increase in Custodial Accounts	819,484	381,380
Increase in Split Interest Agreements	315,827	513,132
Proceeds from Contributions Restricted for Investment in Endowment	1,214,029	134,383
Net Borrowings (Payments) on Notes Payable - Demand	13,944	(5,713)
Net Borrowings (Payments) on Notes Payable	(114,108)	(106,692)
Net Borrowings (Payments) on Capital Leases	15,037	9,307
Net Cash Provided by Financing Activities	2,264,213	925,797
Net Increase (Decrease) in Cash and Cash Equivalents	211,428	(192,470)
Cash and Cash Equivalents - Beginning of Year	332,529	524,999
Cash and Cash Equivalents - End of Year	\$ 543,957	\$ 332,529

See accompanying notes and independent accountant's report.  
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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

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.

Net Asset Classification

Accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standards also improve disclosures about an organization's endowment funds, both donor restricted endowment funds and board designated endowment funds, whether or not the organization is subject to UPMIFA.

The Federation's net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets

Net assets include expendable resources of The Federation that are used for carrying on The Federation's mission.

Temporarily Restricted Net Assets

Net assets whose use by The Federation is limited by Donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of The Federation pursuant to these stipulations.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently Restricted Net Assets

Net assets whose use by The Federation is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity, and the income therefrom utilized for operating or other donor-restricted purposes.

The Federation receives gifts of cash and other assets with donor stipulations that limit the use of the donated assets. For those donor-restricted cash contributions whose restrictions are met in the same fiscal year as the receipts, the contributions are reported as unrestricted contributions. Donor-restricted contributions not met in the same fiscal year are recorded as temporarily restricted. When the donor-restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

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.

Inventory

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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 losses up to the amount of the investments in the event of nonperformance by 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. Direct investments in private companies, which are not readily marketable, are carried at fair value and those 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 and losses on alternative investments are reported on the statements of activities.

When an investment is received as a donation or bequest, the fair value is recorded as the cost of the investment. Interest, dividends and realized gains and 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.

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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists mostly of the following: tuition deposits; membership fees; personal training; camp and program revenues received in advance. Revenues are recognized when earned.

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.

Subsequent Events

The Federation evaluates the impact of subsequent events, which are events that occur after the statement of financial position date but before the financial statements are issued, for potential recognition in the financial statements. As of the statement of financial position date, for the year ended July 31, 2013, the Federation evaluated subsequent events through January 29, 2014 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. However, the assets have not been transferred as of January 29, 2014, the date of these financial statements.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 2 – 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:	2013	2012
Less Than One Year	\$ 1,480,823	\$ 1,400,924
One to Five Years	187,247	336,964
Less Allowance for Unredeemed Promises	(50,000)	(122,000)
Unconditional Promises to Give, Net	<u>\$ 1,618,070</u>	<u>\$ 1,615,888</u>

NOTE 3 – OTHER RECEIVABLES

Membership and Program receivables have been reviewed with management and are determined to be collectible as of July 31, 2013 and 2012. Management provided an allowance for doubtful accounts for the years ended July 31, 2013 and 2012 of \$10,000.

NOTE 4 – NOTE RECEIVABLE

Note receivable on July 31 is summarized as follows:

Camp Laurelwood

In March 2007, the Federation granted Camp Laurelwood a line of credit of \$1,500,000. In January 2012, the Federation converted the line of credit into a term loan using a variable interest rate linked to either; the Federation's spending policy (4.25% and 4.50% for the years ended July 31, 2013 and 2012, respectively) or the Wall Street Journal's prime rate (3.25% as of July 31, 2013 and 2012), whichever is greater. The outstanding balance on this note, as of July 31, 2013 and 2012, is \$1,360,288 and \$1,393,037, respectively. The note 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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 4 – NOTE RECEIVABLE (CONTINUED)

The aggregate annual maturities of the Note Receivable as of July 31, 2013 are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 34,667
2015	36,169
2016	37,736
2017	39,372
2018	41,078
Thereafter	<u>1,171,266</u>
Total	<u>\$ 1,360,288</u>

NOTE 5 – 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 of 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.

Cost and market values of investments as of July 31, 2013 and 2012 are summarized as follows:

	2013		2012	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and Cash Equivalents	\$ 391,102	\$ 391,102	\$ 8,267	\$ 8,267
Mutual Funds	25,921,981	29,693,816	23,859,807	25,238,894
Hedge Funds	9,429,242	9,989,736	8,453,995	8,941,955
Limited Partnerships	1,100,259	1,221,392	753,117	753,313
Fixed Income Securities	<u>431,723</u>	<u>487,163</u>	<u>424,804</u>	<u>494,761</u>
Total Investments	<u>\$ 37,274,307</u>	<u>\$ 41,783,209</u>	<u>\$33,499,990</u>	<u>\$35,437,190</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 5 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

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. The Federation does not have any level three assets as of July 31, 2013 and 2012.

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 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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 5 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Investment assets at fair value as of July 31, 2013:

	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$ 391,102	\$ -	\$ -	\$ 391,102
Mutual Funds	29,693,816	-	-	29,693,816
Hedge Funds	-	9,989,736	-	9,989,736
Limited Partnerships	-	1,221,392	-	1,221,392
Fixed Income Securities	487,163	-	-	487,163
Total	<u>\$30,572,081</u>	<u>\$11,211,128</u>	<u>\$ -</u>	<u>\$41,783,209</u>

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

	Level 1	Level 2	Level 3	Total
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>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Federation evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There are no transfers between Level 1, Level 2, or Level 3 for the fiscal years ended July 31, 2013 and 2012.

Interest and investment income, net, is comprised of the following for the years ended July 31, 2013 and 2012:

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 5 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

	<u>2013</u>	<u>2012</u>
Dividend and Interest Income, Net	\$ 601,100	\$ 507,945
Net increase in the fair value of investments	<u>3,334,610</u>	<u>(263,856)</u>
Total	<u>\$ 3,935,710</u>	<u>\$ 244,089</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 a net increase or decrease 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>2013</u>	<u>2012</u>
Foundation	<u>\$ 41,783,209</u>	<u>\$ 35,437,190</u>
Total	<u>\$ 41,783,209</u>	<u>\$ 35,437,190</u>

Net investment revenues are netted against management investment expenses, including custodial fees and investment advisory fees, which amounted to \$99,511 and \$105,873 for the years ended July 31, 2013 and 2012, respectively.

NOTE 6 – 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:

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 6 – PROPERTY AND EQUIPMENT (CONTINUED)

	Estimated Life in Years	2013	2012
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	2,360,738	2,304,792
Building & Leasehold Improvements	39-40 Years	2,071,432	1,989,196
Total Property and Equipment		20,095,909	19,957,727
Less: Accumulated Depreciation		(9,693,739)	(9,204,091)
Total		<u>\$ 10,402,170</u>	<u>\$ 10,753,636</u>

Depreciation expense for the years ended July 31, 2013 and 2012 was \$489,648 and \$500,125, respectively.

NOTE 7 – 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 \$2,623,804 and \$2,536,564 on July 31, 2013 and 2012, 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, \$2,240,002 and \$1,924,175 at July 31, 2013 and 2012, respectively, calculated using discount rates and applicable mortality tables.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 8 – RETIREMENT PLAN

The Federation maintains a retirement plan for its full-time, eligible employees. Under provisions of this plan, the Federation contributes 1% of all eligible employees' salaries. The Federation stopped funding contributions into the employee's 403B plan as of September 30, 2012. For the years ended July 31, 2013 and 2012, employer contributions totaled \$16,265 and \$40,582, respectively.

The Federation also has a deferred compensation agreement with the spouse of its former executive vice president. The liability under this agreement is \$95,797 and \$100,554 as of July 31, 2013 and 2012, respectively.

NOTE 9 - NET ASSETS

Included in unrestricted net assets of \$22,894,106 and \$19,036,189 for the years ended July 31, 2013 and 2012, are designated Foundation investments of \$14,418,078 and \$11,363,183, respectively, of which \$6,670,470 and \$5,112,389 represent Philanthropic and Tzedakah funds as of July 31, 2013 and 2012, respectively.

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

	<u>2013</u>	<u>2012</u>
Charitable Gift Annuities	<u>\$ 824,700</u>	<u>\$ 830,011</u>

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

NOTE 10 – LEASES AND RENT

The Federation rents outside classroom facilities on a month-to-month basis. Classroom rent expense amounted to \$23,680 and \$12,519 for the years ended July 31, 2013 and 2012, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 11 – 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 assets of the underlying 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 12 – NOTES PAYABLE – DEMAND

A. Miscellaneous Individual Notes

Consist of individuals who loan 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 balances as of July 31, 2013 and 2012 are \$246,345 and \$232,401, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 12 – NOTES PAYABLE – DEMAND (CONTINUED)

B. Line of Credit

The Federation has a \$450,000 revolving line of credit from TD Banknorth, N.A. that bears interest at Two and Eight Tenths (2.80%) percent per annum in excess of British Bankers Association LIBOR Rate. There are no borrowings outstanding under the line of credit as of July 31, 2013 and 2012.

NOTE 13 – NOTES PAYABLE

	<u>2013</u>	<u>2012</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% (1.98% and 2.03% respectively as of July 31, 2013 and 2012). The mortgage is secured by the land and other Federation assets.	\$ 1,418,540	\$ 1,473,296
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% (2.99% and 3.04% respectively as of July 31, 2013 and 2012). The note is secured by substantially all of the Federation's assets.	1,932,000	1,991,352
Total	<u>\$ 3,350,540</u>	<u>\$ 3,464,648</u>

The Federation 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. 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 interest of 6.10%.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 13 – NOTES PAYABLE (CONTINUED)

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 estimates the fair value of the liability based on the agreements. Management believes the calculations to be a reasonable approximation of the fair value of the liabilities 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 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 years ended July 31:

	2013	2012
Interest rate swap agreements, beginning	\$ 291,820	\$ 299,785
Unrealized gain on interest rate swaps	(102,305)	(7,965)
Interest rate swap agreements, ending	<u>\$ 189,515</u>	<u>\$ 291,820</u>

The aggregate annual maturities of the notes payable as of July 31, 2013 are as follows:

Year	Amount
2014	\$ 122,476
2015	131,058
2016	140,116
2017	130,850
2018	81,840
Thereafter	<u>2,744,200</u>
Total	<u>\$ 3,350,540</u>

Interest expense for the years ended July 31, 2013 and 2012 is \$201,532 and \$191,320, 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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013 AND 2012

NOTE 14 – 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 \$48,880.

Future minimum lease payments are as follows:

<u>Year Ending July 31, 2013</u>	
Future Minimum Lease Payments	\$ 36,794
Less amount representing interest computed at 4.3% to 4.5%	<u>(1,576)</u>
Present value of minimum lease payments	35,218
Less current portion	<u>(15,970)</u>
Long-term portion	<u>\$ 19,248</u>

NOTE 15 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	<u>2013</u>	<u>2012</u>
Cash paid during the year for:		
Interest	\$ 187,588	\$ 177,034
Non Cash Gifts received	\$ 426,949	\$ 217,513