

THE JEWISH FEDERATION OF  
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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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 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, 2016 and 2015, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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, 2016 and 2015, 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.

A handwritten signature in black ink, reading "Teplitzky & Company P.C." in a cursive script.

Woodbridge, Connecticut

January 27, 2017

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2016 AND 2015

ASSETS		2016	2015
Assets			
Cash and Cash Equivalents	\$	134,872	\$ 124,115
Unconditional Promises to Give, Net of Allowances for			
Unredeemed Promises of \$110,000 and \$50,000, respectively		1,283,509	1,385,676
Other Receivables, Net of Allowances for Doubtful Accounts			
of \$20,000 and \$10,000, respectively		152,145	120,616
Prepaid Expenses		58,750	55,557
Inventory		36,609	37,647
Investments		4,621,867	4,861,607
Deposits		1,545	1,545
Property and Equipment, Net		9,715,417	10,056,340
Total Assets	\$	<u>16,004,714</u>	<u>\$ 16,643,103</u>
LIABILITIES AND NET ASSETS		2016	2015
Liabilities			
Accounts Payable and Allocations	\$	892,246	\$ 1,933,208
Accrued Liabilities		260,471	223,166
Notes Payable - Demand		244,652	240,256
Notes Payable		2,969,435	3,112,403
Interest Rate Swap Agreements		35,540	79,707
Leases Payable		46,977	54,979
Deferred Compensation		157,100	88,968
Deferred Revenue		359,114	333,003
Total Liabilities		<u>4,965,535</u>	<u>6,065,690</u>
Net Assets:			
Unrestricted		10,025,641	9,578,657
Board Restricted		780,686	802,828
Temporarily Restricted		232,852	-
Permanently Restricted		-	195,928
Total Net Assets		<u>11,039,179</u>	<u>10,577,413</u>
Total Liabilities and Net Assets	\$	<u>16,004,714</u>	<u>\$ 16,643,103</u>

See accompanying notes and independent auditors' report.

Exhibit: A - Page 3

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



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

JULY 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 3,500,995	\$ 51,337	\$ -	\$ 3,552,332
Program Service Fees	2,525,374	-	-	2,525,374
Investment Return	(55,057)	(14,413)	-	(69,470)
Memberships	1,382,492	-	-	1,382,492
Rental Income	75,114	-	-	75,114
Miscellaneous Income	87,913	-	-	87,913
Net Assets Released from Restrictions	-	-	-	-
Total Revenue and Support	<u>7,516,831</u>	<u>36,924</u>	<u>-</u>	<u>7,553,755</u>
Expenses				
Program Services	5,740,349	-	-	5,740,349
Management and General	2,115,424	-	-	2,115,424
Fundraising	327,447	-	-	327,447
Total Expenses	<u>8,183,220</u>	<u>-</u>	<u>-</u>	<u>8,183,220</u>
Change in Net Assets From Operations	(666,389)	36,924	-	(629,465)
Other Income	1,047,064	-	-	1,047,064
Unrealized Gain on Interest Rate Swaps	44,166	-	-	44,166
Transfer of Funds	<u>-</u>	<u>195,928</u>	<u>(195,928)</u>	<u>-</u>
Change in Net Assets	424,841	232,852	(195,928)	461,765
Net Assets - Beginning of Year	<u>10,381,487</u>	<u>-</u>	<u>195,928</u>	<u>10,577,415</u>
Net Assets - End of Year	<u>\$10,806,328</u>	<u>\$ 232,852</u>	<u>\$ -</u>	<u>\$11,039,180</u>

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 ACTIVITIES

JULY 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 3,408,526	\$ -	\$ -	\$ 3,408,526
Program Service Fees	2,583,189	-	-	2,583,189
Investment Return	41,034	-	(5,069)	35,965
Memberships	1,371,792	-	-	1,371,792
Rental Income	61,700	-	-	61,700
Other Grants and Contributions	3,754	-	-	3,754
Total Revenue and Support	7,469,995	-	(5,069)	7,464,926
Expenses				
Program Services	5,686,123	-	-	5,686,123
Management and General	1,909,288	-	-	1,909,288
Fundraising	420,994	-	-	420,994
Total Expenses	8,016,405	-	-	8,016,405
Change in Net Assets From Operations	(546,410)	-	(5,069)	(551,479)
Unrealized Gain on Interest Rate Swaps	50,094	-	-	50,094
Change in Net Assets	(496,316)	-	(5,069)	(501,385)
Net Assets - Beginning of Year	10,877,803	-	200,997	11,078,800
Net Assets - End of Year	\$10,381,487	\$ -	\$ 195,928	\$10,577,415

See accompanying notes and independent accountant's report.

Exhibit: B - Page 5

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2016

Functional Expenses	Grants and Allocations	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Holocaust Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
Israel & Overseas Programs	\$ 120,500	\$ -	-	\$ -	-	\$ 120,500
Community Support	607,896	-	-	3,500	-	611,396
Regional Agencies	26,900	-	-	-	-	26,900
Shoreline Initiative	50,000	-	-	-	-	50,000
National Agencies	21,474	-	-	-	-	21,474
Synagogue Initiative	7,000	-	-	-	-	7,000
Wages, Taxes & Fringes	-	34,419	27,042	-	208,736	270,197
Program Expenses	518	339	4	1,291	60,704	62,856
Utilities	-	1,804	2,267	-	21,221	25,292
Repairs, Maintenance & Equipment	-	1,644	2,034	-	17,700	21,378
Bank Fees, Payroll & C/Card Processing	59	69	87	-	756	971
Marketing	3,744	283	7	-	13,702	17,736
Commercial Insurance	-	984	1,237	-	10,762	12,983
Meals, Travel & Lodging	-	26	876	-	3,131	4,034
Professional Fees	938	-	-	-	38,250	39,188
Miscellaneous	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Bad Debt Expense	175,752	-	-	-	-	175,752
Total Functional Expenses	\$ 1,014,781	\$ 39,568	\$ 33,553	\$ 4,791	\$ 374,962	\$ 1,467,657

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, 2015

Functional Expenses	Grants and Allocations	Elder Leadership Institute	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Holocaust Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
Israel & Overseas Programs	\$ 254,958	-	\$ -	-	\$ -	\$ 1,042	\$ 256,000
Community Support	426,295	-	-	-	1,200	49,531	477,026
Regional Agencies	34,800	-	-	-	-	-	34,800
National Agencies	19,300	-	-	-	-	-	19,300
Shoreline Initiative	29,167	-	-	-	-	20,833	50,000
Synagogue Initiative	683	-	-	-	-	-	683
Wages, Taxes & Fringes	-	2,849	21,735	20,774	-	204,417	249,775
Program Expenses	91	1	272	2,150	5,566	68,245	76,325
Utilities	-	574	2,276	2,644	-	24,448	29,942
Repairs, Maintenance & Equipment	-	321	1,273	1,479	-	12,609	15,682
Bank Fees, Payroll & C/Card Processing	-	19	74	86	-	729	908
Marketing	5,397	-	273	51	-	10,521	16,242
Commercial Insurance	-	238	942	1,095	-	9,319	11,594
Meals, Travel & Lodging	-	-	36	-	-	61,024	61,060
Professional Fees	219	-	-	3,600	1,500	8,078	13,397
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Bad Debt Expense	86,149	-	-	-	-	-	86,149
Total Functional Expenses	\$ 857,059	\$ 4,002	\$ 26,881	\$ 31,879	\$ 8,266	\$ 470,796	\$ 1,398,883

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - JEWISH COMMUNITY CENTER

YEAR ENDED JULY 31, 2016

	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Adult Education	Other Programs	Total Expenses
Functional Expenses									
Wages Taxes & Fringes	\$ 843,894	\$200,383	\$ 870,011	\$206,732	\$175,542	\$ 619,189	\$ 52,683	\$ 21,720	\$ 2,990,152
Program Expenses	62,490	150,850	75,678	58,644	102,308	21,875	12,338	13,954	498,136
Utilities	63,416	17,958	66,943	13,114	12,276	48,854	2,133	3,439	228,132
Repairs, Maintenance & Equipment	59,713	34,176	76,880	13,951	11,170	79,997	2,579	7,862	286,328
Bank Fees, Payroll & C/Card Processing	2,422	1,756	2,659	490	60,474	1,853	82	68	69,804
Marketing	1,121	6,519	1,710	1,336	7,519	24,457	9,823	350	52,834
Commercial Insurance	34,605	11,318	36,529	7,002	6,699	26,478	1,164	970	124,766
Meals, Travel & Lodging	-	84	65	-	-	3,512	4,067	-	7,727
Professional Fees	1,028	-	-	-	-	201	2,109	-	3,338
Bad Debt Expense	-	10,000	-	-	-	-	-	-	10,000
Interest Expense	-	-	636	-	-	-	-	-	636
Miscellaneous	67	-	18	-	-	755	-	-	839
Total Functional Expenses	<u>\$1,068,756</u>	<u>\$433,044</u>	<u>\$1,131,128</u>	<u>\$301,269</u>	<u>\$375,987</u>	<u>\$ 827,170</u>	<u>\$ 86,978</u>	<u>\$ 48,362</u>	<u>\$ 4,272,692</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, 2015

	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Adult Education	Other Programs	Total Expenses
Functional Expenses									
Wages Taxes & Fringes	\$ 818,254	\$202,512	\$ 811,173	\$210,928	\$197,435	\$ 664,816	\$ 38,295	\$ 22,132	\$ 2,965,545
Program Expenses	66,063	164,660	86,452	55,997	118,137	24,084	37,143	14,938	567,474
Utilities	79,289	20,068	82,391	22,228	17,505	65,992	5,200	3,926	296,599
Repairs, Maintenance & Equipment	44,775	19,024	62,466	16,009	9,791	44,065	3,611	10,123	209,864
Bank Fees, Payroll & C/Card Processing	2,567	630	3,896	711	53,835	2,079	168	78	63,964
Marketing	3,502	6,526	3,121	499	6,852	22,355	5,812	2,313	50,980
Commercial Insurance	32,829	9,637	34,112	9,091	7,247	26,586	2,153	999	122,654
Meals, Travel & Lodging	39	74	260	91	258	1,863	2,612	1,398	6,595
Professional Fees	888	-	-	-	-	-	-	-	888
Bad Debt Expense	-	-	-	-	2,500	-	-	-	2,500
Miscellaneous	-	-	80	-	-	95	2	-	177
Total Functional Expenses	\$1,048,206	\$423,131	\$1,083,951	\$315,554	\$413,560	\$ 851,935	\$ 94,996	\$ 55,907	\$ 4,287,240

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

SCHEDULES OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JULY 31, 2016 AND 2015

	2016		2015	
	Management and General	Fundraising	Management and General	Fundraising
Expenses				
Wages Taxes & Fringes	\$ 942,062	\$ 248,256	\$ 791,527	\$ 287,788
Program Expenses	163,234	18,587	126,812	45,425
Utilities	76,689	19,917	87,819	29,177
Repairs, Maintenance & Equipment	119,262	19,995	93,161	25,921
Bank Fees, Payroll & C/Card Processing	44,733	1,281	47,727	6,575
Marketing	28,817	4,732	19,447	5,608
Commercial Insurance	34,415	10,839	30,199	11,827
Meals, Travel & Lodging	8,991	156	10,766	464
Professional Fees	78,749	594	75,384	5,344
Miscellaneous	12,368	26	669	1,650
Depreciation	455,999	-	458,582	-
Interest	148,653	3,034	162,335	-
Bad Debt Expense	1,452	30	4,860	1,215
Total Expenses	<u>\$ 2,115,424</u>	<u>\$ 327,447</u>	<u>\$ 1,909,288</u>	<u>\$ 420,994</u>

See accompanying notes and independent accountant's report.

Exhibit: D - Page 10

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, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 461,764	\$ (501,387)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	455,999	458,582
Increase in Allowance for Uncollectible Promises to Give	60,000	-
Increase in Allowance for Doubtful Accounts	10,000	-
Net Realized and Unrealized (Gains) Losses on Investments	366,185	72,743
Non-Cash Gifts Received included in Contributions	(126,444)	(93,760)
Unrealized Gain on Interest Rate Swaps	(44,166)	(50,094)
Decrease (Increase) in Assets:		
Unconditional Promises to Give	42,167	176,880
Other Receivables	(41,529)	77,221
Prepaid Expenses	(3,193)	(5,043)
Inventory	1,038	778
Deposits	-	175
(Decrease) Increase in Liabilities:		
Accounts Payable	(1,040,962)	268,968
Accrued Liabilities and Allocations	37,305	47,456
Deferred Compensation	68,132	(5,312)
Deferred Revenue	26,111	(56,096)
Net Cash Provided by Operating Activities	272,407	391,111
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(115,076)	(332,046)
Net Cash Used in Investing Activities	(115,076)	(332,046)
Cash Flows from Financing Activities:		
Net Borrowings (Payments) on Notes Payable - Demand	4,396	(20,870)
Net Borrowings on Notes Payable	-	20,485
Net Payments on Notes Payable	(142,968)	(136,146)
Net Borrowings on Capital Leases	12,691	35,940
Net Payments on Capital Leases	(20,693)	(23,116)
Net Cash Used in Financing Activities	(146,574)	(123,707)
Net Increase (Decrease) in Cash and Cash Equivalents	10,757	(64,642)
Cash and Cash Equivalents - Beginning of Year	124,115	188,757
Cash and Cash Equivalents - End of Year	\$ 134,872	\$ 124,115

See accompanying notes and independent auditors' report.

Exhibit: E - Page 11

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



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

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 Jewish Community Center is a wholly owned subsidiary of the Federation. The Federation is the central planning, fund-raising and coordinating body of the Jewish community and strives to be the central organization and resource for communal planning, outreach and Jewish education in South Central Connecticut. Located at 360 Amity Road in Woodbridge, Connecticut, the Federation is supported by programming fees and 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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification (Continued)

*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.

*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 there from 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 promises to give received or receivable) for annual campaigns are classified as temporarily restricted revenue and support until the year of allocation to participating agencies. Generally, all annual campaigning contributions are considered available for unrestricted use by the Federation unless it is determined that contributions are specifically restricted by the donor. Promises to give receivables are reported on the statement of financial position (the balance sheet) and allowances are provided for amounts estimated to be uncollectible.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Federation believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the last three years remain open for examination by taxing authorities.

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 a 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.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

During the years ended July 31, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements is not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Federation. The Federation receives more than 7,850 volunteer hours per year.

Investments

The Jewish Foundation of Greater New Haven, Inc. holds the Federation's investment assets and continues to accept additional contributions for the benefit of the Federation. The Foundation charges a 1% management fee of the total fair value of the investment assets as of July 31<sup>st</sup> of the previous year. As of July 31, 2016 and 2015, the Foundation held assets of \$4,621,867 and \$4,861,607, respectively for the benefit of the Federation.

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.

Deferred Revenue

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 years ended July 31, 2016 and 2015, the Federation evaluates subsequent events through January 27, 2017 which is the date the financial statements were available to be issued.

On December 05, 2016 a fire damaged part of the building. The Federation is insured against fire damage, however the actual cost of the damage has not been calculated at the date the financial statements were available to be issued.

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:	2016	2015
Less Than One Year	\$ 1,340,887	\$ 1,375,558
One to Five Years	52,622	60,118
Less Allowance for Unredeemed Promises	(110,000)	(50,000)
Unconditional Promises to Give, Net	<u>\$ 1,283,509</u>	<u>\$ 1,385,676</u>

NOTE 3 – OTHER RECEIVABLES

Membership, miscellaneous and other program receivables are reviewed with management and are determined to be collectible as of July 31, 2016. Management provides an allowance for doubtful accounts for the years ended July 31, 2016 and 2015 of \$20,000 and \$10,000, respectively.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 4 – 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, 2016 and 2015 are summarized as follows:

	<u>2016</u>	
	<u>Cost</u>	<u>Market</u>
Cash and Cash Equivalents	\$ 61,608	\$ 61,608
Mutual Funds	1,827,478	2,124,935
Hedge Funds	1,083,353	1,158,423
Limited Partnerships	638,478	641,099
Fixed Income Securities	691,271	635,802
Total Investments	<u>\$ 4,302,188</u>	<u>\$ 4,621,867</u>

	<u>2015</u>	
	<u>Cost</u>	<u>Market</u>
Cash and Cash Equivalents	\$ 67,771	\$ 67,771
Mutual Funds	1,766,518	2,276,713
Hedge Funds	1,119,630	1,207,708
Limited Partnerships	692,771	659,910
Fixed Income Securities	606,181	649,505
Total Investments	<u>\$ 4,252,871</u>	<u>\$ 4,861,607</u>

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 4 – 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, 2016 and 2015.

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, 2016 AND 2015

NOTE 4 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Investment assets at fair value as of July 31, 2016:

	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$ 61,608	\$ -	\$ -	\$ 61,608
Mutual Funds	2,124,935	-	-	2,124,935
Hedge Funds	-	1,158,423	-	1,158,423
Limited Partnerships	-	641,099	-	641,099
Fixed Income Securities	635,802	-	-	635,802
Total	<u>\$2,822,345</u>	<u>\$1,799,522</u>	<u>\$ -</u>	<u>\$4,621,867</u>

Investment assets at fair value as of July 31, 2015:

	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	\$ 67,771	\$ -	\$ -	\$ 67,771
Mutual Funds	2,276,713	-	-	2,276,713
Hedge Funds	-	1,207,708	-	1,207,708
Limited Partnerships	-	659,910	-	659,910
Fixed Income Securities	649,505	-	-	649,505
Total	<u>\$2,993,989</u>	<u>\$1,867,618</u>	<u>\$ -</u>	<u>\$4,861,607</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.



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 4 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Interest and investment income, net is comprised of the following for the year ended July 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Dividend and Interest Income, Net	\$ 54,129	\$ 59,254
Net decrease in the fair value of investments	<u>(123,599)</u>	<u>(23,289)</u>
Total	<u>\$ ( 69,470)</u>	<u>\$ 35,965</u>

Realized gains and losses on investments represent the change in market value from the statement of financial position date to the date of sale. Changes in market value for investments 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.

Net investment revenues are netted against management investment expenses, including custodial fees and investment advisory fees, which amounted to \$16,734 and \$18,972 for the years ended July 31, 2016 and 2015, respectively.

NOTE 5 – 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:

	<u>Estimated Life in Years</u>	<u>2016</u>	<u>2015</u>
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	2,325,568	2,420,983
Building & Leasehold Improvements	39-40 Years	2,673,812	2,486,143
Less Accumulated Depreciation		<u>(10,947,702)</u>	<u>(10,514,525)</u>
Total		<u>\$ 9,715,417</u>	<u>\$ 10,056,340</u>

Depreciation expense for the years ended July 31, 2016 and 2015 was \$455,999 and \$458,582, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 6 – 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 balance of these notes as of July 31, 2016 and 2015 are \$244,652 and \$240,256, respectively.

B. Line of Credit

The Federation has an available \$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 London Inter-Bank Offered Rate LIBOR rate. There are no borrowings outstanding under this line of credit as of July 31, 2016 and 2015.

NOTE 7 – NOTES PAYABLE

	<u>2016</u>	<u>2015</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, using an interest rate based on the London Inter-Bank Offered Rate LIBOR rate plus 1.79% (2.29% as of July 31, 2016 and 1.975% as of July 31, 2015). The mortgage is secured by the land and other Federation assets.	\$ 1,228,302	\$ 1,296,286
In June 2010, the existing revolving line of credit of \$2,100,000 was converted into a \$2,100,000 term loan. The term loan is amortized through July 2019 with a balloon payment at a variable interest rate based on the 30-day London Inter-Bank Offered Rate LIBOR rate plus 2.80% (3.30% as of July 31, 2016 and 2.985% as of July 31, 2015). The term loan is secured by substantially all of the Federation's assets.	1,728,588	1,800,720



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 7 – NOTES PAYABLE (CONTINUED)

	<u>2016</u>	<u>2015</u>
B. Lincoln Automotive Financial Services		
Note payable to maturity in February 2020, payable in monthly installments of \$335 including interest at 7.89%. This note is secured by a vehicle.	12,545	15,397
Total Notes Payable	<u>\$ 2,969,435</u>	<u>\$ 3,112,403</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 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's term loan uses a fixed rate of interest of 6.10%.

The fair value of the interest rate 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, from one year to the next, in the liability under the interest rate swap agreements is recorded as an unrealized gain in 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:

	<u>2016</u>	<u>2015</u>
Interest rate swap agreements, beginning	\$ 79,707	\$ 129,801
Unrealized gain on interest rate swaps	(44,167)	(50,094)
Interest rate swap agreements, ending	<u>\$ 35,540</u>	<u>\$ 79,707</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 7 – NOTES PAYABLE (CONTINUED)

The aggregate annual maturities of the notes payable as of July 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,307,999
2018	85,238
2019	1,573,876
2020	<u>2,322</u>
Total	<u>\$ 2,969,435</u>

Interest expense, for the above notes payable, for the years ended July 31, 2016 and 2015 is \$133,555 and \$148,204, 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 non-financial covenant waiver for the year ended July 31, 2016.

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The Federation is party to capital leases for equipment. The leases are secured by equipment with a cost of \$73,536 and accumulated depreciation of \$13,436.

Future minimum lease payments are as follows:

	<u>2016</u>	<u>2015</u>
Future Minimum Lease Payments	\$ 52,302	\$ 63,274
Less amount representing interest computed at 4.3% to 9.1%	<u>(5,325)</u>	<u>(8,295)</u>
Present value of minimum lease payments	46,977	54,979
Less current portion	<u>(16,185)</u>	<u>(20,693)</u>
Long-term portion	<u>\$ 30,792</u>	<u>\$ 34,286</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 9 – RETIREMENT PLAN

The Federation maintains a retirement plan for its full-time, eligible employees. Under the provisions of this plan, in addition to eligible employees electing to defer some of their own compensation, the Federation also has the option to contribute 1% of all eligible employees' salaries. However, The Federation did not contribute any employer contributions to the plan for the years ended July 31, 2016 and 2015.

The Federation had a deferred compensation agreement with the spouse of its former executive vice president which ended in the current year. For the years ended July 31, 2016 and 2015, the Federation paid a total of \$13,211 and \$17,472, respectively in deferred compensation. The present values of future payments, based on IRS life expectancy tables and present value interest factors, under this agreement are \$0 and \$88,968, as of July 31, 2016 and 2015, respectively.

The Federation entered into a new deferred compensation agreement with its former chief executive officer, who retired in the current year. For the years ended July 31, 2016 and 2015, the Federation paid a total of \$6,000 and \$0, respectively in deferred compensation. The present values of future payments, based on IRS life expectancy tables and present value interest factors, under this new agreement are \$157,100 and \$0, as of July 31, 2016 and 2015, respectively.

NOTE 10 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are comprised of the following funds:

	2016	2015
Stuart Harris Fund for Cultural Arts at the JCC	\$ 16,071	\$ 9,915
Leo Links Fund for the Jewish Community Center	94,204	88,122
Frances Shield Fund for the JCC Healthy Women Healthy Lives Program	28,061	22,801
Frances Shield Fund for the JCC Cultural Arts Program	19,550	16,210
Fredrick A. & Justine Millspaugh Catlin Family Foundation Endowment Fund for the JCC	74,966	60,880
Total	<u>\$ 232,852</u>	<u>\$ 195,928</u>



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 11 – LEASES AND RENT INCOME

The Federation rents its classroom facilities on a month-to-month basis. Classroom rent income amounted to \$75,114 and \$61,700 for the years ended July 31, 2016 and 2015, respectively.

NOTE 12 – OTHER INCOME

Other income consists of forgiveness of dues payable to the Jewish Federation of North America.

NOTE 13 - SOLAR POWER PURCHASE AGREEMENT

On September 16, 2014, the Federation entered into a site lease agreement with CEFIA Holdings LLC for a one-time payment of \$1. This agreement permits the lessee to build, maintain, and operate a solar panel power system on Federation property for a term coterminous with a Solar Power Purchase Agreement entered into by the Federation with CEFIA Holdings, LLC on the same day. The Solar Power Purchase Agreement requires the Federation to purchase all power generated by the new solar panel power system for a term of 20 years, at rates established in the contract, and illustrated below.

REMAINING CONTRACT ENERGY PRICES:

<i>Contract Year</i>	<i>Energy Price (\$/kWh)</i>
2016	\$0.1035
2017	\$0.1051
2018	\$0.1067
2019	\$0.1083
2020	\$0.1099
2021	\$0.1115
2022	\$0.1132
2023	\$0.1149
2024	\$0.1166
2025	\$0.1184
2026	\$0.1202

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 13 - SOLAR POWER PURCHASE AGREEMENT (CONTINUED)

<i>Contract Year</i>	<i>Energy Price (\$/kWh)</i>
2027	\$0.1220
2028	\$0.1238
2029	\$0.1256
2030	\$0.1275
2031	\$0.1294
2032	\$0.1314
2033	\$0.1333
2034	\$0.1353

The Solar Power Purchase Agreement also permits the Federation to purchase the solar panel power system in its fifth year of operation at a depreciating cost set forth in the contract, and illustrated below.

MINIMUM SYSTEM PURCHASE PRICE

<i>Contract Year</i>	<i>Minimum System Purchase Price</i>
5	\$1,532,627
6	\$1,393,231
7	\$1,287,629
8	\$1,218,683
9	\$1,143,329
10	\$1,061,014
11	\$971,131
12	\$873,028
13	\$765,993



THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 13 - SOLAR POWER PURCHASE AGREEMENT (CONTINUED)

<i>Contract Year</i>	<i>Minimum System Purchase Price</i>
14	\$649,256
15	\$521,978
16	\$422,659
17	\$353,268
18	\$276,932
19	\$193,053
20	\$100,978

NOTE 14 – 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 institution could result in financial loss. However, the Federation has not experienced any 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 diverse professionally managed portfolio of investments. Such investments are exposed to potential market volatility. Therefore, the Federation's investments may be subject to significant fluctuations in fair value. Consequently, the investment amounts reported in the accompanying financial statements may not be reflective of the portfolio's fair value during subsequent periods.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2016 AND 2015

NOTE 14 – CONCENTRATION OF CREDIT RISK DEBT (CONTINUED)

Interest Rate Risk

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

NOTE 15 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	<u>2016</u>	<u>2015</u>
Cash paid during the year for:		
Interest	\$ 133,555	\$ 164,276
Non Cash Gifts received	\$ 126,444	\$ 93,760