

THE JEWISH FEDERATION OF
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2014

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1 - 2
Exhibits:	
A Statement of Financial Position.....	3
B Statement of Activities	4
C Schedule of Functional Expenses – Program Services	5 - 6
D Schedule of Functional Expenses – Supporting Services	7
E Statement of Cash Flows	8
Notes to Financial Statements	9 – 22

April 29, 2015

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 statement of financial position as of July 31, 2014, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation of Greater New Haven, Inc. as of July 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Teplitzky & Company, P.C.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FINANCIAL POSITION

JULY 31, 2014

ASSETS

	2014
Assets	
Cash and Cash Equivalents	\$ 188,757
Unconditional Promises to Give, Net of Allowances for Unredeemed Promises of \$50,000	1,562,556
Other Receivables, Net	197,837
Prepaid Expenses	50,514
Inventory	38,425
Investments	4,840,589
Deposits	1,720
Property and Equipment, Net	10,182,876
Total Assets	<u>\$ 17,063,274</u>

LIABILITIES AND NET ASSETS

	2014
Liabilities	
Accounts Payable	\$ 1,664,240
Accrued Liabilities and Allocations	175,710
Notes Payable - Demand	261,126
Notes Payable	3,228,064
Interest Rate Swap Agreements	129,801
Leases Payable	42,154
Deferred Compensation	94,280
Deferred Revenue	389,099
Total Liabilities	<u>5,984,474</u>
Net Assets:	
Unrestricted	10,877,803
Temporarily Restricted	-
Permanently Restricted	200,997
Total Net Assets	<u>11,078,800</u>
Total Liabilities and Net Assets	<u>\$ 17,063,274</u>

See accompanying notes and independent accountant's report.

Exhibit: A - Page 3

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

JULY 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	\$ 3,682,741	\$ -	\$ -	\$ 3,682,741
Program Service Fees	2,719,491			2,719,491
Investment Return	112,693			112,693
Memberships	1,435,235			1,435,235
Rental Income	98,727			98,727
Other Grants and Contributions	130,503			130,503
Net Assets Released from Restrictions	-	-		-
Total Revenue and Support	8,179,390	-	-	8,179,390
Expenses				
Program Services - Federation	1,693,299			1,693,299
Program Services - JCC	4,270,721			4,270,721
Management and General	1,811,066			1,811,066
Fundraising	542,028			542,028
Total Expenses	8,317,114	-	-	8,317,114
Change in Net Assets From Operations	(137,724)	-	-	(137,724)
Unrealized Gain on Interest Rate Swaps	59,714			59,714
Change in Net Assets	(78,010)	-	-	(78,010)
Net Assets - Beginning of Year	22,894,106	824,700	18,148,973	41,867,779
Net Assets Transferred to The Jewish Foundation, Inc.	(11,938,293)	(824,700)	(17,947,976)	(30,710,969)
Net Assets - End of Year	<u>\$ 10,877,803</u>	<u>\$ -</u>	<u>\$ 200,997</u>	<u>\$ 11,078,800</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.

SCHEDULE OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2014

	Grants and Allocations	Jewish Foundation	Elder Leadership Institute	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Holocaust Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
Functional Expenses								
Israel & Overseas Programs	\$ 293,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 293,500
Community Support	452,300	-	-	-	-	-	8,051	460,351
Regional Agencies	29,196	-	-	-	-	-	4,162	33,358
Shoreline Initiative	29,169	-	-	-	-	-	20,831	50,000
National Agencies	20,000	-	-	-	-	-	-	20,000
Synagogue Initiative	610	-	-	-	-	-	8,390	9,000
Wages Taxes & Fringes	-	86,277	5,333	21,358	26,717	5,166	236,089	380,939
Program Expenses	-	5,919	1,071	411	371	501	47,235	55,507
Utilities	-	7,508	2,789	2,188	2,789	901	23,625	39,800
Repairs, Maintenance & Equipment	-	3,874	1,439	1,129	1,439	465	12,819	21,165
Bank Fees, Payroll & C/Card Processing	-	267	99	78	99	32	797	1,373
Marketing	244	1,478	-	293	-	-	9,406	11,421
Commercial Insurance	-	3,022	1,123	881	1,123	363	8,809	15,320
Meals, Travel & Lodging	-	1,462	-	9	835	-	75,356	77,662
Professional Fees	241	6,690	-	-	-	-	7,300	14,231
Miscellaneous	601	342	-	-	-	-	3.84	946.34
Bad Debt Expense	208,726	-	-	-	-	-	-	208,726
Total Functional Expenses	\$ 1,034,087	\$ 116,839	\$ 11,853	\$ 26,346	\$ 33,372	\$ 7,428	\$ 463,375	\$ 1,693,299

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

SCHEDULE OF FUNCTIONAL EXPENSES - JEWISH COMMUNITY CENTER

YEAR ENDED JULY 31, 2014

	Programs				Center for Jewish Life and Learning (CJLL)				Total Expenses			
	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	March of Living			Adult Education	Other Programs	
							Makom					
Functional Expenses												
Wages Taxes & Fringes	\$ 788,887	\$193,252	\$ 821,740	\$205,732	\$193,880	\$ 674,369	\$	\$ 9,848	\$ 1,797	\$ 52,456	\$24,397	\$ 2,966,358
Program Expenses	66,789	167,701	75,942	69,777	109,781	11,900		2,001	13,963	40,561	13,894	572,309
Utilities	70,663	21,278	76,796	26,442	16,861	65,721		1,287	515	5,063	4,250	288,876
Repairs, Maintenance & Equipment	37,599	16,781	55,922	16,323	10,710	37,598		664	266	4,249	11,524	191,636
Bank Fees, Payroll & C/Card Processing	2,515	738	4,157	927	54,711	2,265		46	18	192	82	65,651
Marketing	1,831	7,601	2,293	401	8,519	27,684		-	109	11,407	569	60,414
Commercial Insurance	28,446	10,160	30,916	10,484	6,788	25,614		518	207	2,038	933	116,104
Meals, Travel & Lodging	-	196	-	-	391	1,047		-	798	5,084	-	7,516
Professional Fees	-	-	-	-	-	-		-	-	1,158	-	1,158
Miscellaneous	12	4	198	403	15	66		-	-	1	-	699
Total Functional Expenses	\$ 996,742	\$417,711	\$1,067,964	\$330,489	\$401,656	\$ 846,264		\$14,364	\$17,673	\$122,209	\$55,649	\$ 4,270,721

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

FOR THE YEAR ENDED JULY 31, 2014

	2014	
	Management and General	Fundraising
Expenses		
Wages Taxes & Fringes	\$ 731,383	\$ 396,889
Program Expenses	97,989	35,827
Utilities	82,500	39,627
Repairs, Maintenance & Equipment	89,296	30,503
Bank Fees, Payroll & C/Card Processing	45,810	7,988
Marketing	16,475	5,761
Commercial Insurance	27,396	15,714
Meals, Travel & Lodging	3,722	1,253
Professional Fees	43,980	4,628
Miscellaneous	29,388	1,726
Depreciation	461,765	-
Interest	172,916	-
Bad Debt Expense	8,445	2,111
Total Expenses	<u>\$ 1,811,066</u>	<u>\$ 542,028</u>

See accompanying notes and independent accountant's report.

Exhibit: D - Page 7 Teplitzky & Company, P.C. - Certified Public Accountants

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2014

	<u>2014</u>
Cash Flows from Operating Activities:	
Change in Net Assets	\$ (78,010)
Adjustments to Reconcile Change in Net Assets	
to Net Cash Provided by Operating Activities:	
Depreciation	461,765
Net Realized and Unrealized (Gains) Losses on Investments	17,926
Non-Cash Gifts Received included in Contributions	(62,269)
Unrealized Gain on Interest Rate Swaps	(59,714)
Decrease (Increase) in Assets:	
Unconditional Promises to Give	55,514
Other Receivables	52,168
Prepaid Expenses	10,378
Inventory	(2,361)
Deposits	(175)
Decrease (Increase) in Liabilities:	
Accounts Payable	196,619
Accrued Liabilities and Allocations	(375,114)
Deferred Compensation	(1,517)
Deferred Revenue	(83,602)
Net Cash Provided by Operating Activities	<u>131,608</u>
Cash Flows from Investing Activities:	
Purchases of Property and Equipment	(265,203)
Net Cash Used in Investing Activities	<u>(265,203)</u>
Cash Flows from Financing Activities:	
Net Borrowings (Payments) on Notes Payable - Demand	14,781
Net Payments on Notes Payable	(122,476)
Net Borrowings on Capital Leases	24,905
Net Payments on Capital Leases	(17,969)
Net Cash Used in Financing Activities	<u>(100,759)</u>
Net Decrease in Cash and Cash Equivalents	(234,354)
Cash and Cash Equivalents - Beginning of Year	<u>423,111</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 188,757</u></u>

See accompanying notes and independent accountant's report.

Exhibit: E - Page 8

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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.

Temporarily Restricted Net Assets

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification (Continued)

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.

The board of directors, of the Federation, at its January 4, 2011 board meeting unanimously passed a motion to amend the by-laws to establish the Jewish Foundation of Greater New Haven, Inc., (the Foundation) as a Type 1 supporting Organization. The Foundation's assets were transferred to a separate corporation, for the purpose of asset protection, effective for the fiscal year ending July 31, 2014.

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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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 years ended July 31, 2011 through 2014 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, 2014

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 year ended July 31, 2014, the value of contributed services meeting the requirements for recognition in the financial statements was 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 accepts 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 31st of the previous year. As of July 31, 2014 the Foundation held assets of \$4,840,589 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 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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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 year ended July 31, 2014, the Federation evaluated subsequent events through April 29, 2015 which is 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:	2014
Less Than One Year	\$ 1,516,081
One to Five Years	96,475
Less Allowance for Unredeemed Promises	(50,000)
Unconditional Promises to Give, Net	<u>\$ 1,562,556</u>

NOTE 3 – OTHER RECEIVABLES

Membership, miscellaneous and program receivables are reviewed with management and are determined to be collectible as of July 31, 2014. Management provides an allowance for doubtful accounts for the year ended July 31, 2014 of \$10,000.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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, 2014 are summarized as follows:

	Cost	Market
Cash and Cash Equivalents	\$ 100,099	\$ 100,099
Mutual Funds	2,166,191	2,774,263
Hedge Funds	1,022,415	1,137,974
Limited Partnerships	152,031	164,786
Fixed Income Securities	577,408	663,467
Total Investments	<u>\$ 4,018,144</u>	<u>\$ 4,840,589</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 JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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

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, 2014.

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.

Investment assets at fair value as of July 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & Cash Equivalents	\$ 100,099	\$ -	\$ -	\$ 100,099
Mutual Funds	2,774,263	-	-	2,774,263
Hedge Funds	-	1,137,974	-	1,137,974
Limited Partnerships	-	164,786	-	164,786
Fixed Income Securities	663,467	-	-	663,467
Total	<u>\$ 3,537,829</u>	<u>\$ 1,302,760</u>	<u>\$ -</u>	<u>\$ 4,840,589</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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

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.

Interest and investment income, net, is comprised of the following for the year ended July 31, 2014:

	<u>2014</u>
Dividend and Interest Income, Net	\$ 22,091
Net increase in the fair value of investments	<u>90,062</u>
Total	<u>\$ 112,693</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 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 \$12,612 for the year ended July 31, 2014.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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>2014</u>
Land and Land Improvements		\$ 1,827,015
Building	40 Years	13,836,724
Furniture, Fixtures and Equipment	5-10 Years	2,282,230
Building & Leasehold Improvements	39-40 Years	2,292,850
Less Accumulated Depreciation		<u>(10,055,943)</u>
Total		<u>\$ 10,182,876</u>

Depreciation expense for the year ended July 31, 2014 was \$461,765.

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, 2014 is \$261,126.

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, 2014.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

NOTE 7 – NOTES PAYABLE

	<u>2014</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% (1.95% as of July 31, 2014). The mortgage is secured by the land and other Federation assets.	\$ 1,359,628
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% (2.96% as of July 31, 2014). The term loan is secured by substantially all of the Federation's assets.	<u>1,868,436</u>
Total Notes Payable	<u>\$ 3,228,064</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 JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

NOTE 7 – 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:

	2014
Interest rate swap agreements, beginning	\$ 189,515
Unrealized gain on interest rate swaps	(59,714)
Interest rate swap agreements, ending	<u>\$ 129,801</u>

The aggregate annual maturities of the notes payable as of July 31, 2014 are as follows:

Year	Amount
2015	\$ 131,058
2016	140,116
2017	1,304,850
2018	81,840
Thereafter	<u>1,570,200</u>
Total	<u>\$ 3,228,064</u>

Interest expense, for the above notes payable, for the year ended July 31, 2014 is \$171,561.

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, 2014.

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 \$99,845 and accumulated depreciation of \$59,623.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Future minimum lease payments are as follows:

<u>Year Ending July 31, 2014</u>	
Future Minimum Lease Payments	\$ 44,810
Less amount representing interest computed at 4.3% to 4.5%	<u>(2,656)</u>
Present value of minimum lease payments	42,154
Less current portion	<u>(15,375)</u>
Long-term portion	<u>\$ 26,779</u>

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 year ended July 31, 2014.

The Federation has a deferred compensation agreement with the spouse of its former executive vice president. For the year ended July 31, 2014, the Federation paid a total of \$17,281 in deferred compensation. The present value of future payments, based on IRS life expectancy tables and present value interest factors, under this agreement is \$94,280, as of July 31, 2014.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

NOTE 10 – RESTRICTIONS ON NET ASSETS

Permanently restricted net assets are held in perpetuity with the income available in subsequent periods in accordance with the donors' requirements and are comprised of the following funds as follows:

	<u>2014</u>
Stuart Harris Fund for Cultural Arts at the JCC	\$ 10,267
Leo Links Fund for the Jewish Community Center	88,183
Frances Shield Fund for the JCC Healthy Women Healthy Lives Program	23,389
Frances Shield Fund for the JCC Cultural Arts Program	16,637
Fredrick A. & Justine Millspaugh Catlin Family Foundation Endowment Fund for the JCC	<u>62,521</u>
Total	<u>\$ 200,997</u>

NOTE 11 – LEASES AND RENT

The Federation rents its classroom facilities on a month-to-month basis. Classroom rent income amounted to \$98,727 for the year ended July 31, 2014.

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 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, 2014

NOTE 12 – 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 13 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	<u>2014</u>
Cash paid during the year for:	
Interest	\$ 172,916
Non Cash Gifts received	\$ 62,269