

THE JEWISH FEDERATION OF
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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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, 2019 and 2018, and the related statements of activities, functional expenses – program services, functional expenses – JCC of Greater New Haven, Inc., functional expenses – supporting services, 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 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 qualified audit opinion.

Basis for Qualified Opinion

As described in Note 16, the Organization has not consolidated the financial statements of The Jewish Foundation of Greater New Haven, Inc., which is an entity in which the Organization is the sole member as of and has a controlling financial interest in as of and for the for years ended July 31, 2019 and 2018. Accounting principles generally accepted in the United States of America require the sole member of another entity for which it has a controlling financial interest to consolidate the entity in its financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements could not be determined.

Qualified Opinion

In our opinion, except for the effects on the financial statements of not consolidating The Jewish Foundation of Greater New Haven, Inc. as described in the Basis for qualified Opinion paragraph, 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, 2019 and 2018, 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 blue ink that reads "Teplitzky & Company P.C." in a cursive script.

Woodbridge, Connecticut

June 26, 2020

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2019 AND 2018

ASSETS		2019	2018
Assets			
Cash and Cash Equivalents	\$	362,396	\$ 182,856
Unconditional Promises to Give, Net		1,575,289	2,007,378
Other Receivables, Net		121,445	135,709
Insurance Proceeds Receivable		-	949,077
Prepaid Expenses		29,980	54,381
Inventory		247	11,566
Beneficial Interest in Assets Held by Others		1,510,518	1,717,627
Deposits		291	1,545
Property and Equipment, Net		12,496,783	12,885,940
Total Assets	\$	16,096,949	\$ 17,946,079
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable and Allocations	\$	667,637	\$ 1,420,498
Accrued Liabilities		219,385	426,213
Line of credit		449,987	185,000
Notes Payable - Demand		258,344	259,142
Notes Payable		395,068	337,813
Capital Leases Obligations		19,939	34,102
Deferred Compensation		193,742	200,806
Deferred Revenue		374,634	350,299
Total Liabilities		2,578,736	3,213,873
Net Assets:			
Without Donor Restrictions			
Undesignated		12,393,349	12,717,514
Board Designated		668,334	863,950
With Donor Restrictions		456,530	1,150,742
Total Net Assets		13,518,213	14,732,206
Total Liabilities and Net Assets	\$	16,096,949	\$ 17,946,079

See accompanying notes

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 2,470,856	\$ -	\$ 2,470,856
Program Service Fees	3,051,561	-	3,051,561
Income (Loss) from Beneficial Interest in Assets Held for Others	(10,118)	4,057	(6,061)
Memberships	1,412,647	-	1,412,647
Rental Income	58,579	-	58,579
Miscellaneous Income	162,693	-	162,693
Net Assets Released from Restrictions	698,269	(698,269)	-
Total Revenue and Support	7,844,487	(694,212)	7,150,275
Expenses			
Program Services	6,225,960	-	6,225,960
Management and General	1,793,119	-	1,793,119
Fundraising	345,189	-	345,189
Total Expenses	8,364,268	-	8,364,268
Change in Net Assets	(519,781)	(694,212)	(1,213,993)
Net Assets - Beginning of Year	13,581,464	1,150,742	14,732,206
Net Assets - End of Year	\$13,061,683	\$ 456,530	\$13,518,213

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 3,461,357	\$ -	\$ 3,461,357
Contributions - Future Year Promises	-	902,366	902,366
Program Service Fees	2,583,749	-	2,583,749
Income from Beneficial Interest in			
Assets Held for Others	97,350	15,931	113,281
Memberships	866,394		866,394
Rental Income	23,798	-	23,798
Miscellaneous Income	95,841	-	95,841
Net Assets Released from Restrictions	8,386	(8,386)	-
Total Revenue and Support	7,136,875	909,911	8,046,786
Expenses			
Program Services	5,339,101	-	5,339,101
Management and General	1,951,749	-	1,951,749
Fundraising	415,239	-	415,239
Total Expenses	7,706,089	-	7,706,089
Change in Net Assets From Operations	(569,214)	909,911	340,697
Insurance Proceeds, Net	4,082,773	-	4,082,773
Change in Net Assets	3,513,559	909,911	4,423,470
Net Assets - Beginning of Year	10,067,905	240,831	10,308,736
Net Assets - End of Year	\$13,581,464	\$ 1,150,742	\$14,732,206

See accompanying notes

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

FOR THE YEAR ENDED JULY 31, 2019

Functional Expenses	Grants and Allocations	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Other Federation Programs	Total Expenses
Wages, Taxes & Fringes	\$ -	\$ 35,482	\$ 32,687	\$ 148,380	\$ 216,549
Israel & Overseas Programs	380,843	-	-	-	380,843
Community Support	361,396	-	-	-	361,396
Professional Fees	33,306	70	57	85,213	118,646
Program Expenses	1,162	9,992	2,527	87,188	100,869
Regional Agencies	31,950	-	-	-	31,950
National Agencies	22,674	-	-	-	22,674
Repairs, Maintenance & Equipment	-	2,812	1,839	17,366	22,017
Utilities	-	3,534	2,843	12,959	19,336
Commercial Insurance	-	1,662	1,355	8,084	11,101
Marketing	2,506	348	35	4,431	7,320
Meals, Travel & Lodging	28	19	8	5,869	5,924
Bad Debt Expense	5,676	-	-	-	5,676
Synagogue Initiative	1,740	-	-	-	1,740
Bank Fees, Payroll & C/Card Processing	299	344	151	324	1,118
Total Functional Expenses	\$ 841,580	\$ 54,263	\$ 41,502	\$ 369,814	\$ 1,307,159

See accompanying notes
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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

FOR THE YEAR ENDED JULY 31, 2018

	Grants and Allocations	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	Holocaust Education Prejudice Reduction Program (HEPRP)	Other Federation Programs	Total Expenses
Functional Expenses						
Wages, Taxes & Fringes	\$ -	\$ 41,002	\$ 3,160	\$ -	\$ 164,939	\$ 209,101
Community Support	190,455	-	-	-	-	190,455
Israel & Overseas Programs	147,596	-	-	-	-	147,596
Program Expenses	-	175	5,886	-	113,057	119,118
Professional Fees	2,250	12	15	-	74,916	77,193
Meals, Travel & Lodging	-	-	794	-	44,090	44,884
Repairs, Maintenance & Equipment	-	1,186	2,266	-	20,340	23,792
Utilities	-	2,286	2,872	-	18,159	23,317
National Agencies	9,837	-	-	-	-	9,837
Commercial Insurance	-	1,007	1,265	-	7,555	9,827
Bad Debt Expense	9,139	-	-	-	-	9,139
Regional Agencies	7,592	-	-	-	-	7,592
Marketing	1,195	252	13	-	5,547	7,007
Bank Fees, Payroll & C/Card Processing	-	93	119	-	1,246	1,458
Total Functional Expenses	\$ 368,064	\$ 46,013	\$ 16,390	\$ -	\$ 449,849	\$ 880,316

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - JCC OF GREATER NEW HAVEN, INC.

FOR THE YEAR ENDED JULY 31, 2019

	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Adult Education	Total Expenses
Functional Expenses								
Wages Taxes & Fringes	\$ 968,270	\$288,768	\$1,058,967	\$ 157,012	\$323,913	\$ 658,302	\$ 27,868	\$ 3,483,100
Program Expenses	78,920	183,323	80,677	51,282	99,220	30,780	5,518	529,720
Repairs, Maintenance & Equipment	52,612	26,591	84,504	10,886	20,771	82,155	2,450	279,969
Utilities	74,706	20,711	78,888	14,230	29,129	51,105	3,787	272,556
Commercial Insurance	35,660	11,470	37,598	6,667	13,883	24,355	1,805	131,438
Bank Fees, Payroll & C/Card Processing	3,930	8,780	4,380	743	79,747	2,733	206	100,519
Marketing	(200)	3,005	2,151	377	2,125	82,676	2,212	92,346
Professional Fees	8,113	1,106	1,592	1,230	588	3,231	76	15,936
Bad Debt Expense	-	2,805	80	-	-	5,547	-	8,432
Meals, Travel & Lodging	-	290	305	-	290	684	2,826	4,395
Miscellaneous	-	380	-	-	-	(25)	35	390
Total Functional Expenses	\$ 1,222,011	\$547,229	\$1,349,142	\$ 242,427	\$569,666	\$ 941,543	\$ 46,783	\$ 4,918,801

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - JCC OF GREATER NEW HAVEN, INC.

FOR THE YEAR ENDED JULY 31, 2018

	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Adult Education	Total Expenses
Functional Expenses								
Wages Taxes & Fringes	\$ 973,101	\$260,660	\$ 850,950	\$164,097	\$264,668	\$ 649,757	\$ 40,935	\$ 3,204,168
Program Expenses	71,059	165,151	70,838	57,844	63,947	11,990	15,136	455,965
Utilities	83,616	22,982	74,125	23,849	14,315	59,644	5,894	284,425
Repairs, Maintenance & Equipment	46,548	24,891	64,194	13,278	8,743	66,220	3,434	227,308
Commercial Insurance	36,831	11,477	32,344	10,278	6,305	26,537	2,596	126,368
Marketing	1,342	3,764	1,512	109	7,162	57,530	7,370	78,789
Bank Fees, Payroll & C/Card Processing	3,393	5,216	3,054	958	56,109	2,468	304	71,502
Professional Fees	3,097	120	394	1,073	77	1,876	32	6,669
Meals, Travel & Lodging	-	594	182	97	33	797	1,840	3,543
Miscellaneous	-	-	18	-	-	30	-	48
Total Functional Expenses	<u>\$1,218,987</u>	<u>\$494,855</u>	<u>\$1,097,611</u>	<u>\$271,583</u>	<u>\$421,359</u>	<u>\$ 876,849</u>	<u>\$ 77,541</u>	<u>\$ 4,458,785</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

	2019		2018	
	Management and General	Fundraising	Management and General	Fundraising
Expenses				
Wages Taxes & Fringes	\$ 686,526	\$ 262,894	\$ 847,543	\$ 295,199
Utilities	62,385	20,323	85,146	26,691
Repairs, Maintenance & Equipment	87,979	14,076	107,312	16,103
Program Expenses	88,930	19,829	101,135	45,946
Commercial Insurance	25,998	9,647	30,036	11,084
Community support	23,807	-	21,016	-
Interest	46,852	876	40,917	-
Bank Fees, Payroll & C/Card Processing	32,657	1,661	43,255	1,688
Professional Fees	86,366	1,228	119,700	1,751
Marketing	12,369	4,660	15,347	8,392
Miscellaneous	653	4	5,048	47
Bad Debt Expense	12	-	-	-
Meals, Travel & Lodging	2,732	618	5,062	741
Depreciation	635,853	9,373	530,232	7,597
Total Expenses	<u>\$ 1,793,119</u>	<u>\$ 345,189</u>	<u>\$ 1,951,749</u>	<u>\$ 415,239</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (1,213,993)	\$ 4,423,470
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	645,226	537,829
Bad Debt Expense	(1,288)	9,139
Change in Fair Value of Beneficial Interest in Assets Held by Others	(2,891)	(125,424)
Accrued Interest on Note Payable	22,906	-
Decrease (Increase) in Assets:		
Unconditional Promises to Give	433,377	(1,010,761)
Other Receivables	14,264	18,483
Insurance Proceeds Receivable	949,077	(949,077)
Inventory	11,319	1,207
Prepaid Expenses	24,401	5,127
Deposits	1,254	24,667
(Decrease) Increase in Liabilities:		
Accounts Payable and Allocations	(752,861)	297,820
Accrued Liabilities	(206,828)	202,525
Deferred Compensation	(7,064)	50,174
Insurance Proceeds Reserved for Fire Repairs	-	(2,589,314)
Deferred Revenue	24,335	(232,818)
Net Cash (Used in) Provided by Operating Activities	(58,766)	663,047
Cash Flows from Investing Activities:		
Distributions received from Beneficial Interest in Assets Held by Others	210,000	3,287,151
Purchases of Property and Equipment	(256,069)	(3,727,043)
Net Cash Used in Investing Activities	(46,069)	(439,892)
Cash Flows from Financing Activities:		
Net Borrowings (Repayments) on Notes Payable - Demand	(798)	9,866
Proceeds on Line of Credit	512,000	820,000
Repayments on Line of Credit	(247,013)	(1,085,000)
Proceeds from Notes Payable	55,738	-
Repayments of Notes Payable	(21,389)	(2,829,921)
Repayments of Capital Lease Obligations	(14,163)	(24,276)
Net Cash Provided by (Used in) Financing Activities	284,375	(3,109,331)
Net (Decrease) Increase in Cash and Cash Equivalents	179,540	(2,886,176)
Cash and Cash Equivalents - Beginning of Year	182,856	3,069,032
Cash and Cash Equivalents - End of Year	\$ 362,396	\$ 182,856

See accompanying notes

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THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

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 JCC of Greater New Haven, Inc. (the JCC) 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 on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which recognizes revenue revenues and gains when earned, and expenses and losses are recognized when incurred.

Net Asset Classification

Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restriction – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Board designated amounts represent those net assets that the board has set aside for a particular purpose (see Note 11).

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will either be satisfied by action of The Federation or by the passage of time or will require the resources to be maintained in perpetuity. The income from resources maintained in perpetuity is used for operating or other donor-restricted purposes.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions for the acquisition or construction of property and equipment are released from restrictions in the period in which the assets are placed into service. Contributions of assets, other than cash, are recorded at their estimated fair value on the date of the gift. Contributions that impose restrictions that are met in the same fiscal year the contributions are received are reported as increases in net assets without donor restrictions. Expiration of donor restrictions on contributed net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period as elapsed) are reported as net asset released from restriction on the Statement of Activities. In contrast to unconditional promises to give, conditional promises to give are not recorded until the donor conditions are substantially met.

Annual and Capital Campaigns

Annual campaigns are conducted during the fall of each year to raise support for allocations to participating agencies in the subsequent calendar year. During 2018, the Federation began a capital campaign to raise funds to improve its property and equipment and to replenish its reserve funds that were depleted during 2017. Generally, most annual and capital campaign contributions are considered available for the unrestricted use by The Federation, unless the contributions are specifically restricted by the donor. Most donor restrictions on annual campaign contributions are due to promises to give in future years (time restrictions). These restricted contributions are released from restriction in the year that the contribution is promised to the Federation.

In-Kind Donations

The value of contributions that enhance a non-financial asset and contributed services which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. In-kind contributions are recognized as revenue and expenses in the accompanying statement of activities at their estimated fair value, as provided by donor, at the date of receipt. In-kind contributions consist of contributed professional services and facilities that benefit both program and supporting services. During 2019 and 2018, the Federation received in-kind donations valued at \$79,522 and \$15,000, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Unconditional promises to give are recognized as either revenue without donor restrictions or revenue with donor restrictions in the period in which the donor makes the promise. Contributions to be received after one year are discounted to their present value using discount rates that approximate U.S. Treasury borrowing rates ranging from 1.9 to 3.3 percent at the end of the fiscal year in which the gift was received for the respective duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue. The Federation records an allowance for uncollectible promises based on its determination of the likelihood of collection based on the age of the promise and other factors impacting collection. The allowance for uncollectible promises was \$52,977 and \$50,000 as of July 31, 2019 and 2018, respectively.

Other Receivables

Other receivables consist primarily of membership, miscellaneous and other program receivables. The Federation records an allowance for doubtful accounts based on its determination of the likelihood of collection for each receivable balance considering the age of the receivable and other factors impacting collections. The allowance for doubtful accounts was \$30,000 as of July 31, 2019 and 2018. Uncollectible amounts are written off when all efforts to collect the receivable have been exhausted.

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, the Federal Form 990s related to the last three years remain open for examination by taxing authorities.

Inventory

Inventory is valued at the lower of cost or market, with cost determined by the first-in, first-out method.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

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, 2019 and 2018, 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 7,500 volunteer hours per year.

Beneficial Interest in Assets Held by Others

Certain Funds of the Federation are held by the Jewish Foundation of Greater New Haven (the Foundation) in a trust fund for the benefit of the Federation and other charitable organizations, as designated by the Federation. The Foundation 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 investments as of July 31st of the previous year. Fees charged were \$16,221 and \$17,910 for the years ended July 31, 2019 and 2018 respectively. The Federation's pro-rata share of the funds held at the Foundation is recorded at fair value in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion on fair value measurements. As of July 31, 2019 and 2018, The Foundation held assets of \$1,510,518 and \$1,717,627, respectively, for the benefit of the Federation

Functional Allocation of Expenses

The cost of providing the Federation's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. This primarily consists of wages, taxes, and fringe expenses, which are allocated based on activity reports prepared by key personnel. The Federation evaluates the basis on which costs are allocated as needed, but at least every other year.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Federation.

Deferred Revenue

Deferred revenue consists mostly of the following: tuition deposits; membership fees; personal training; camp and program revenues and support received in advance. These amounts will be recognized as revenue in future years when earned.

Cash and Cash Equivalents

For financial reporting purposes, The Federation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation for financial statement purposes is computed on the straight – line method over the estimated useful lives of the assets as follows:

Building	35 Years
Building Improvements	15-40 Years
Furniture, Fixtures and Equipment	5-10 Years

Maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in unrestricted net assets.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance Proceeds, Net

On December 5, 2016, a fire damaged a portion of the Federation's building. The Federation's insurance policies provided funds to cover property damage and business interruption reimbursement. Insurance proceeds are recorded as income when the payment is probable. Proceeds used for cleaning, demolition and repairs of the building and its equipment and improvement are expensed. Proceeds used for the reconstruction of the building or replacement of equipment are capitalized as property and equipment. The proceeds and related expenses associated with the fire were recorded as Insurance Proceeds, net in the statement of activities. Insurance proceeds totaling approximately \$2,812,000 were capitalized as property & equipment during 2018. As of July 31, 2018, \$861,902 was receivable from the Federation's insurance company and represents the final payment related to the fire claim. This amount was collected in December 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates are used in the determination of the allowance for uncollectible promises to give and doubtful accounts and in the determination of the estimated useful lives of property and equipment.

Subsequent Events

The Federation evaluated subsequent events from the date of the statements of financial position through June 26, 2020, the date on which the financial statements were available to be issued. No material subsequent events were identified for either recognition or disclosure.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Federation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, donors, funding organizations, employees and vendors all of which are uncertain and cannot be predicted.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2020, in an effort to help prevent the spread of COVID-19, the Federation temporarily ceased its physical operations and moved the majority of its activities and program services to a virtual platform. As of June 26, 2020, the Federation, is in the process of re-opening its physical operations in phases, which included the opening of its camp on June 22, 2020. Plans are also in place to reopen the fitness center, aquatic center and early learning center in the near future. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations may be uncertain.

On April 19, 2020, the Federation entered into a loan agreement with Webster Bank, National Association, as approved by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program. The total proceeds received was \$865,475, which will be fully or partially forgiven by the SBA if the Federation maintains certain employment and salary levels in the twenty-four (24) weeks following the receipt of the funds. Any portion of the loan that is not forgiven is payable in 5 years of the loan date, with interest charged at 1%.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of July 31, 2019 and 2018, the Federation has approximately \$2,497,000 and \$3,305,000 of financial assets available within one year of the statement of financial position date to meet the cash needs for general expenditures, as summarized below:

	2019	2018
Cash and cash equivalents	\$ 362,396	\$ 182,856
Unconditional Promises to Give, net	1,575,289	2,007,378
Other Receivables, Net	121,445	135,709
Insurance Proceeds Receivable	-	861,902
Beneficial Interest in Assets Held by Others	1,510,518	1,717,627
Total Financial Assets	3,569,648	4,905,472
Less those unavailable for general expenditures within one year due to:		
Board Designated Restrictions	(668,334)	(863,950)
Donor imposed restrictions	(404,030)	(736,592)
Financial Assets Available to meet Cash needs for general expenditures within one year	<u>\$ 2,497,284</u>	<u>\$ 3,304,930</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As part of the Federation's liquidity management, it has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Federation has a \$750,000 line of credit that it can draw upon. The Federation's beneficial interest in assets held by others consists of donor-restricted endowments, board designated funds and undesignated funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. Currently, Federation does not intend to spend from its undesignated funds included in the beneficial interest in assets held by others, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, however amounts could be made available if necessary.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

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

Unconditional Promises Expected to be Collected in:	2019	2018
Less Than One Year	\$ 1,481,776	\$ 1,524,570
One to Five Years	160,000	560,216
Subtotal	1,641,776	2,084,786
Less present value discount	(13,510)	(27,408)
Total contributions receivable	1,628,266	2,057,378
Less Allowance for Uncollectible Promises	(52,977)	(50,000)
Unconditional Promises to Give, Net	<u>\$ 1,575,289</u>	<u>\$ 2,007,378</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements*, are described as follows:

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 4 –FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at July 31, 2019 and 2018. The Federation's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels during 2019 or 2018.

Beneficial Interest in Assets Held by Others – The benefit interest in assets held by others is valued at the pro-rata share owned by the Federation, based on the fair value of the underlying investments that are held at the Foundation. The underlying investments consist primarily of mutual funds, limited partnerships, hedge funds and fixed income securities.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 4 –FAIR VALUE MEASUREMENTS (CONTINUED)

Assets at fair value as of July 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Assets Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,510,518</u>	<u>\$ 1,510,518</u>

Assets at fair value as of July 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial Interest in Assets Held by Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,717,627</u>	<u>\$ 1,717,627</u>

The following table provides a summary of the changes in fair value of The Federation's Level 3 assets for the years ended July 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Balance – Beginning of Year	\$ 1,717,627	\$ 4,879,354
Change in Fair Value	39,023	158,491
Distributions	<u>(246,132)</u>	<u>(3,320,218)</u>
Balance – End of Year	<u>\$ 1,510,518</u>	<u>\$ 1,717,627</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.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2019 and 2018 consisted of the:

	2019	2018
Land and Land Improvements	\$ 1,827,015	\$ 1,827,015
Building	13,836,724	13,836,724
Furniture, Fixtures and Equipment	2,550,451	2,475,444
Building & Leasehold Improvements	6,482,709	6,301,644
	<u>24,696,899</u>	<u>24,440,827</u>
Less: Accumulated Depreciation	<u>(12,200,116)</u>	<u>(11,554,887)</u>
Total	<u>\$ 12,496,783</u>	<u>\$ 12,885,940</u>

Depreciation expense for the years ended July 31, 2019 and 2018 was \$645,226 and \$537,829, respectively.

NOTE 6 – NOTES PAYABLE – DEMAND

Notes Payable – demand consists of individuals who loaned money to the JCC at 6.00% interest. These notes are all payable upon demand. The combined balance of these notes as of July 31, 2019 and 2018 are \$258,344 and \$259,142, respectively. Interest expense on these notes payable – demand was \$14,202 and \$14,866 for the years ended July 31, 2019 and 2018, respectively.

NOTE 7 – LINE OF CREDIT

The Federation had \$450,000 revolving line of credit from TD Banknorth, N.A. that charged interest at 2.80% percent per annum in excess of London Inter-Bank Offered Rate (LIBOR). The line was paid off and closed September 2017.

On February 15, 2018, the Federation entered into a new line of credit agreement with Webster Bank that provides for maximum borrowings of \$750,000. The line of credit is secured by a mortgage lien on land and building and is due on the earlier of the demand of the Bank or its maturity date of May 15, 2019. In May 2019, the agreement was amended to extend the maturity date to May 15, 2021. Any outstanding borrowings are charged with interest equal the bank's Prime Rate minus 0.6% (4.6% at July 31, 2018).

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 7 – LINE OF CREDIT (CONTINUED)

The line of credit contains various financial and non-financial covenants. As of July 31, 2019, the Federation was not in compliance with one of its financial covenants. On November 7, 2019 Webster Bank waived compliance with this financial covenant for the year ended July 31, 2019 through the agreement's maturity date in May 2021. Outstanding borrowings under this line of credit were \$449,987 and \$185,000 at July 31, 2019 and 2018, respectively.

Interest expense on these lines of credit was \$18,620 and \$17,080 for the years ended July 31, 2019 and 2018, respectively.

NOTE 8 – NOTES PAYABLE

Notes payable consisted of the following as of July 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
A. Connecticut Green Bank		
Term loan obtained to finance the certain building and land improvements related to a solar power purchase agreement (see Note 13). Loan proceeds were advanced as the project was completed. Prior to the final advance in 2019, interest accrued on outstanding advances at 6.25%. The loan is now fully funded and requires semiannual principal and interest payments of \$14,205, with interest at 6.25%, that will begin in January 2020 and will continue over a 20-year term. Any prepayments on this loan will be subject to a 3% pre-payment penalty that will reduce by one percentage point on each 5-year anniversary of the final advance. The loan is secured by a benefit assessment lien on the Federation's property.	\$ 317,398	\$ 238,754

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 8 – NOTES PAYABLE (CONTINUED)

	<u>2019</u>	<u>2018</u>
B. Titan Solutions		
Term loan obtained to finance energy efficient lighting improvements. The note is non-interest bearing and is payable in monthly principal installment of \$1,185 through the loan's maturity date of February 2024.	65,162	79,382
Term loan obtained to finance energy efficient lighting improvements. The note is non-interest bearing and is payable in monthly principal installment of \$291.67 through the loan's maturity date of March 2022.	10,208	13,708
C. Lincoln Automotive Financial Services		
Note payable to maturity in February 2020, payable in monthly principal and interest installments of \$335, with interest at 7.89%. This note is secured by a vehicle.	<u>2,300</u>	<u>5,969</u>
Total Notes Payable	<u>\$ 395,068</u>	<u>\$ 337,813</u>

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

<u>Year</u>	<u>Amount</u>
2020	\$ 26,876
2021	26,549
2022	26,814
2023	24,218
2024	18,876
Thereafter	<u>271,735</u>
Total	<u>\$ 395,068</u>

Interest expense, for the above notes payable, for the years ended July 31, 2019 and 2018 is \$14,906 and \$8,970, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 9 – OBLIGATIONS UNDER CAPITAL LEASES

The Federation is party to various capital leases agreements for equipment. The leases currently require monthly payments aggregating \$1,949 per month, with interest imputed at rates ranging from 4.2% to 9.6%. The equipment under capital lease agreements are as follows:

	<u>2019</u>	<u>2018</u>
Equipment, at cost	\$ 81,123	\$ 72,590
Accumulated Amortization	<u>(23,192)</u>	<u>(15,418)</u>
Equipment, net	<u>\$ 57,931</u>	<u>\$ 50,109</u>

Amortization expense for equipment under capital lease agreements was \$11,081 and \$13,928 for the years ended July 31, 2019 and 2018, respectively, and is included in depreciation and amortization expense in the statement of activities.

Future minimum lease payments are as follows:

2020	\$ 16,412
2021	3,287
2022	<u>1,644</u>
Total future minimum lease payments	21,343
Less amounts representing interest	<u>(1,404)</u>
Present value of minimum lease payments	<u>\$ 19,939</u>

Interest expense on these capital lease agreements totaled \$2,648 and \$4,311 for the years ended July 31, 2019 and 2018, respectively.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 10 – 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, 2019 and 2018.

The Federation also has a deferred compensation agreement with its former chief executive officer, Sydney Perry. For the years ended July 31, 2019 and 2018, the Federation paid a total of \$18,000 each year in deferred compensation. The present values of future payments, based on IRS life expectancy tables and present value interest factors, under this agreement are \$193,742 and \$200,806, as of July 31, 2019 and 2018, respectively.

NOTE 11 – RESTRICTIONS ON NET ASSETS

Net assets without donor restrictions of \$13,061,683 and \$13,581,464 as of July 31, 2019 and 2018, respectively, include net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as board designations. As of July 31, 2019 and 2018, net assets without donor restrictions has been designated for specific purposes by the Federation's Board as follows:

	2019	2018
Philanthropic Fund	\$ 562,663	\$ 756,129
Evan Kahn Fund for Elderly Services	57,508	58,821
Evan Kahn Endowment	24,948	25,476
Fox Memorial Fund for the Benefit of the JCC	17,713	18,115
JCC Board Endowment for the Benefit of the JCC	5,502	5,409
	<u>\$ 668,334</u>	<u>\$ 863,950</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 11 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in time and purpose restricted net assets during the year ended July 31, 2019, are as follows:

	2018	Additions	Investment Returns	Distributions & Releases from Restrictions	2019
Stuart Harris Fund for Cultural Arts at the JCC	\$ 17,151	\$ -	\$ 278	\$ (659)	\$ 16,770
Leo Links Fund for the Jewish Community Center	100,533	-	1,633	(3,864)	98,302
Frances Shield Fund for the JCC Healthy Women Healthy Lives Program	29,832	-	508	-	30,340
Frances Shield Fund for the JCC Cultural Arts Program	20,858	-	338	(805)	20,391
Fredrick A. & Justine Millspaugh Catlin Family the Federation Endowment Fund for the JCC	80,002	-	1,300	(3,075)	78,227
Promises to give in future years	902,366	-	-	(689,866)	212,500
Total	<u>\$ 1,150,742</u>	<u>\$ -</u>	<u>\$ 4,057</u>	<u>\$ (698,269)</u>	<u>\$ 456,530</u>

Changes in time and purpose restricted net assets during the year ended July 31, 2018, are as follows:

	2017	Additions	Investment Returns	Distributions	2018
Stuart Harris Fund for Cultural Arts at the JCC	\$ 16,705	\$ -	\$ 1,104	\$ (658)	\$ 17,151
Leo Links Fund for the Jewish Community Center	97,920	-	6,470	(3,857)	100,533
Frances Shield Fund for the JCC Healthy Women Healthy Lives Program	27,964	-	1,868	-	29,832
Frances Shield Fund for the JCC Cultural Arts Program	20,319	-	1,342	(803)	20,858
Fredrick A. & Justine Millspaugh Catlin Family the Federation Endowment Fund for the JCC	77,923	-	5,148	(3,069)	80,002
Promises to give in future years	-	902,366	-	-	902,366
Total	<u>\$ 240,831</u>	<u>\$ 902,366</u>	<u>\$ 15,932</u>	<u>\$ (8,387)</u>	<u>\$ 1,150,742</u>

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 12 – LEASES AND RENT INCOME

The Federation rents its certain portions of its facilities on a month-to-month basis. Classroom rent income amounted to \$58,579 and \$23,798 for the years ended July 31, 2019 and 2018, respectively.

NOTE 13 - SOLAR POWER PURCHASE AGREEMENTS

In February 2017, the Federation entered into a Power Purchase Agreement (2017 PPA) with CEFIA Holdings LLC (CEFIA). Under the terms of the agreement, CEFIA will construct a solar energy facility (SEF) on the Federation's property. Once complete, the Federation will be required to purchase all of the energy produced by the SEF at a rate of \$0.079 per kilowatt hour for a 20-year term, which can be extended for two additional five year terms. A payment schedule has been established, based on the anticipated output of the SEF, that currently requires semi-annual payments of approximately \$45,000, that increase gradually to approximately \$54,000 in 2035. The semi-annual payments are required to be made to the Town of Woodbridge, under a benefits assessment lien.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 13 - SOLAR POWER PURCHASE AGREEMENTS (CONTINUED)

On September 16, 2014, The Federation entered into a site lease agreement with CEFIA for a one-time payment of \$1. This agreement permits the lessor to build, maintain, and operate a solar panel power system on Federation property for a term coterminous with a Solar Power Purchase Agreement (2014 PPA) entered into by The Federation with CEFIA on the same day. The 2014 PPA 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>
	<i>2014 Contract</i>
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
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 JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 13 - SOLAR POWER PURCHASE AGREEMENTS (CONTINUED)

The 2014 PPA 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>
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
14	\$649,256
15	\$521,978
16	\$422,659
17	\$353,268
18	\$276,932
19	\$193,053
20	\$100,978

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

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 beneficial interest in assets held by others consists of a diverse professionally managed portfolio of investments held at that Foundation. Such investments are exposed to potential market volatility. Therefore, the beneficial interest in assets held by others may be subject to significant fluctuations in fair value. Consequently, the beneficial interest in assets held by other reported in the accompanying financial statements may not be reflective of the portfolio's fair value during subsequent periods.

NOTE 15 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	2019	2018
Cash paid during the year for:		
Interest	\$ 50,376	\$ 45,227
Non Cash Gifts received	\$ 79,522	\$ 168,842

Non-Cash Investing and Financing Activities:

During the year ended July 31, 2019, the Federation acquired equipment totaling \$8,532 under a capital lease agreement.

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

NOTE 16 – DEPARTURE FROM ACCOUNTING PRINCIPLES GENERALLY
ACCEPTED IN THE UNITED STATES

The Federation is the sole member of and has a controlling financial interest in The Foundation. The controlling financial interest in The Foundation is the result of:

- The Federation controlling the nomination of 51% of the Foundation's Board members,
- The Federation's approval is needed for the reorganization, merger, consolidation, or dissolution of The Foundation, and
- The Federation's approval is needed for any changes to The Foundation's by-laws that would impact The Federation's powers or privileges.

In these circumstances, Accounting Principles General Accepted in the United States require that The Federation consolidate the accounts of The Foundation into these financial statements. The Federation's Board has elected to not consolidate The Foundation's accounts into these financial statements. The effect of this Departure from Accounting Principles General Accepted in the United States has not been determined