

*Jewish Community Federation
of Richmond*

FINANCIAL REPORT

JUNE 30, 2017

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**PILC &
MOSELEY, LLC**
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Community Federation of Richmond
Richmond, Virginia

We have audited the accompanying financial statements of the Jewish Community Federation of Richmond, which comprise the statements of financial position as of June 30, 2017 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Federation's June 30, 2016 financial statements and, in our report dated August 18, 2016, we expressed an unmodified opinion on those 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 of 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 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 reasonable 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 Community Federation of Richmond as of June 30, 2017, 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of pledges receivable and collections history and the schedule of allocations and payments are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pile & Mosely, LLC

Richmond, Virginia
October 5, 2017

FINANCIAL STATEMENTS

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2017

With Comparative Amounts as of June 30, 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 648,653	\$ 260,605
Short-term investments, at market value	338,818	579,698
Accounts receivable	119,925	51,972
Pledges receivable		
Annual Welfare Fund Campaign, net of reserve of \$439,185 in 2017 and \$485,758 in 2016	1,694,736	1,634,885
2015 Israel Emergency Campaign, net of reserve of \$0 in 2016 and 2015	260	1,460
Other receivables	29,435	51,476
Notes receivable, current portion	5,000	7,352
Prepaid expenses and other current assets	<u>20,162</u>	<u>44,311</u>
 Total current assets	 <u>2,856,989</u>	 <u>2,631,759</u>
 FURNITURE AND EQUIPMENT, NET	 <u>24,262</u>	 <u>37,910</u>
 OTHER ASSETS		
Long-term investments, at market value	1,525,834	1,783,600
Long-term campaign endowments	20,958	17,640
Long-term notes receivable	<u>30,000</u>	<u>35,996</u>
 Total other assets	 <u>1,576,792</u>	 <u>1,837,236</u>
 Total assets	 <u>\$ 4,458,043</u>	 <u>\$ 4,506,905</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2017

With Comparative Amounts as of June 30, 2016

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 18,092	\$ 13,855
Allocations payable	2,818,317	2,804,550
Impact grants payable	-	7,645
Deferred revenue	16,100	12,575
Defined benefit pension liability, current portion	<u>74,701</u>	<u>78,094</u>
Total current liabilities	<u>2,927,210</u>	<u>2,916,719</u>
NET ASSETS		
Unrestricted		
Operating	881,288	987,026
Board designated for special programs	<u>534,823</u>	<u>550,615</u>
Total unrestricted	1,416,111	1,537,641
Temporarily restricted	<u>114,722</u>	<u>52,545</u>
Total net assets	<u>1,530,833</u>	<u>1,590,186</u>
Total liabilities and net assets	<u>\$ 4,458,043</u>	<u>\$ 4,506,905</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	Unrestricted			Total	
	Operating Fund	Plant Fund	Temporarily Restricted	2017	2016
SUPPORT AND OTHER REVENUE					
Annual Welfare Campaign Fund - 2017	\$2,556,760	\$ -	\$ 525,000	\$3,081,760	\$3,003,930
Annual Welfare Campaign Fund - 2018	-	-	71,870	71,870	13,500
Estimated reserve	(100,000)	-	-	(100,000)	(100,000)
2015 Israel Emergency Campaign	-	-	-	-	(1,000)
Campaign endowments	-	-	3,317	3,317	3,264
Prior years' pledges and collections over estimated value	98,802	-	-	98,802	64,477
Reflector income	50,240	-	-	50,240	38,512
Mission income	71,910	-	-	71,910	70,008
Investment income, net	74,245	-	-	74,245	13,814
Grants	12,789	-	-	12,789	12,835
Richmond Jewish Foundation reimbursement	34,700	-	-	34,700	34,112
Miscellaneous	21,291	-	11,633	32,924	37,441
In-kind contributions	3,675	-	-	3,675	8,400
Net assets released from restrictions	549,643	-	(549,643)	-	-
Total revenues and other support	<u>3,374,055</u>	<u>-</u>	<u>62,177</u>	<u>3,436,232</u>	<u>3,199,293</u>
EXPENSES AND OTHER DEDUCTIONS					
Allocations, organizations, and programs	2,243,511	-	-	2,243,511	2,213,649
Program services					
Jewish community relations	67,469	-	-	67,469	78,938
Richmond Jewish Foundation	26,156	-	-	26,156	24,180
Outreach and engagement	206,909	-	-	206,909	202,549
Reflector	97,198	-	-	97,198	90,837
Richmond community Jewish education	27,205	-	-	27,205	17,290
Management and general	185,427	-	-	185,427	198,768
Fundraising	625,194	-	-	625,194	600,448
Depreciation	-	16,516	-	16,516	13,458
Total expenses and other deductions	<u>3,479,069</u>	<u>16,516</u>	<u>-</u>	<u>3,495,585</u>	<u>3,440,117</u>

(Continued)

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

(Concluded)

	Unrestricted		Temporarily Restricted	Total	
	Operating Fund	Plant Fund		2017	2016
Deficiency of support and other revenue over expenses and other deductions before transfers	<u>(105,014)</u>	<u>(16,516)</u>	<u>62,177</u>	<u>(59,353)</u>	<u>(240,824)</u>
TRANSFERS	<u>(2,787)</u>	<u>2,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS					
Unrestricted	<u>(107,801)</u>	<u>(13,729)</u>	<u>-</u>	<u>(121,530)</u>	<u>(238,876)</u>
Temporarily restricted	<u>-</u>	<u>-</u>	<u>62,177</u>	<u>62,177</u>	<u>(1,948)</u>
Increase (decrease) in net assets	<u>(107,801)</u>	<u>(13,729)</u>	<u>62,177</u>	<u>(59,353)</u>	<u>(240,824)</u>
Net assets at beginning of year	<u>1,499,650</u>	<u>37,991</u>	<u>52,545</u>	<u>1,590,186</u>	<u>1,831,010</u>
Net assets at end of year	<u>\$ 1,391,849</u>	<u>\$ 24,262</u>	<u>\$ 114,722</u>	<u>\$ 1,530,833</u>	<u>\$1,590,186</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	Program		
	Jewish Community Relations	Richmond Jewish Foundation	Outreach and Engagement
Salaries			
Professional salaries	\$ 34,742	\$ -	\$ 77,548
Staff salaries	2,251	-	2,251
Total salaries	36,993	-	79,799
Defined benefit pension	-	-	-
Fringe benefits and related expenses	7,272	-	16,289
Total salaries and related expenses	44,265	-	96,088
Program/meetings	6,717	-	8,133
PJ Library program	-	-	12,089
Reflector publishing	-	-	-
Overhead expenses	10,753	-	9,321
Printing and photography	1,370	-	7
Information systems / technology	-	2,817	-
Leadership development	-	-	4,424
Postage	435	2,610	870
Missions	-	-	75,227
Telephone	-	508	-
Auto	-	22	-
Office supplies	-	321	-
Occupancy	-	14,076	-
Payroll preparation / bank fees	-	595	-
Marketing / website	-	-	-
Equipment maintenance	-	2,280	-
Staff / volunteer conferences	1,204	-	750
Professional fees	-	-	-
Insurance	-	2,913	-
Subscriptions	265	14	-
Dues / sponsorships	2,460	-	-
Staff recruiting	-	-	-
Credit card fees	-	-	-
	<u>23,204</u>	<u>26,156</u>	<u>110,821</u>
Total functional expenses	<u>\$ 67,469</u>	<u>\$ 26,156</u>	<u>\$ 206,909</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

Reflector	Services				Total	
	Rich. Comm. Jewish Education	Total Program Services	Management and General	Fundraising	2017	2016
\$ 18,872	\$ -	\$ 131,162	\$ 100,353	\$ 298,255	\$ 529,770	\$ 526,404
23,082	-	27,584	19,164	54,095	100,843	97,906
41,954	-	158,746	119,517	352,350	630,613	624,310
-	-	-	18,677	56,026	74,703	80,173
6,756	-	30,317	21,386	52,091	103,794	97,299
48,710	-	189,063	159,580	460,467	809,110	801,782
-	27,205	42,055	-	56,744	98,799	88,689
-	-	12,089	-	-	12,089	12,204
41,541	-	41,541	-	-	41,541	39,950
-	-	20,074	-	-	20,074	24,056
596	-	1,973	528	12,154	14,655	9,230
1,200	-	4,017	6,328	12,412	22,757	17,087
-	-	4,424	-	-	4,424	8,518
435	-	4,350	852	4,500	9,702	10,634
-	-	75,227	-	5,742	80,969	77,678
153	-	661	513	2,681	3,855	4,069
107	-	129	792	3,890	4,811	7,371
120	-	441	1,571	2,496	4,508	4,595
2,649	-	16,725	5,796	20,204	42,725	39,334
119	-	714	1,848	1,307	3,869	3,699
-	-	-	-	17,161	17,161	20,113
285	-	2,565	570	2,280	5,415	4,480
-	-	1,954	2,009	6,248	10,211	10,893
309	-	309	3,266	4,253	7,828	8,788
970	-	3,883	1,572	4,001	9,456	6,319
4	-	283	202	254	739	634
-	-	2,460	-	-	2,460	2,482
-	-	-	-	-	-	1,858
-	-	-	-	8,400	8,400	8,547
48,488	27,205	235,874	25,847	164,727	426,448	411,228
\$ 97,198	\$ 27,205	\$ 424,937	\$ 185,427	\$ 625,194	\$ 1,235,558	\$ 1,213,010

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Cash Flows

For the Year Ended June 30, 2017

With Comparative Amounts for the Year Ended June 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (59,353)	\$ (240,824)
Adjustments to reconcile change in net assets to cash used in operating activities		
Depreciation	16,516	13,458
Unrealized (gain) loss on investments	(17,427)	20,640
Realized (gain) loss on sale of investments	(22,934)	1,455
Changes in assets and liabilities:		
Campaign endowments	(3,318)	(3,264)
Accounts receivable	(67,953)	(49,602)
Pledges receivable		
Annual Welfare Fund Campaign	(59,851)	(170,574)
2015 Israel Emergency Campaign	1,200	25,160
Other receivables	26,440	9,650
Prepaid expenses and other current assets	24,149	(25,756)
Notes receivable interest	(900)	(1,013)
Accounts payable and accrued expenses	4,237	(6,865)
Allocations payable	13,767	(115,126)
Impact grants payable	(7,645)	(27,769)
Deferred revenue	3,525	12,575
Defined benefit pension liability	(3,393)	10,838
	(152,940)	(547,017)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments on notes receivable	9,248	8,313
Proceeds from maturity of investments	1,403,181	1,173,786
Purchase of investments	(871,869)	(1,162,515)
Investment fees paid	3,296	3,230
Purchase of furniture and equipment	(2,868)	(17,435)
	540,988	5,379
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	388,048	(541,638)
CASH AND CASH EQUIVALENTS		
Beginning	260,605	802,243
Ending	\$ 648,653	\$ 260,605

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

The Jewish Community Federation of Richmond (the "Federation") is a nonprofit corporation organized under the laws of the State of Virginia for the purpose of fund-raising. The federation responds to the community's evolving needs by planning strategically with ongoing evaluations, raising, and allocating funds for communal priorities and building community relations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation is consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117) "Financial Statements of Not-For-Profit Organizations." Under FASB ASC 958-225-45-1, the Federation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are defined as net assets that are free of donor-imposed restrictions. The Federation has no permanently restricted net assets as of June 30, 2017.

Basis of Accounting

The financial statements of the Federation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Federation, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges, Allocations, and Expenses

Pledges are recorded when made, and an allowance is provided for estimated uncollectible campaign pledges (i.e. reserve). Collections on pledges in excess of estimated collectible amounts are recorded as additional public support in the year received. Allocations to agencies, other organizations and programs of the Federation are recorded when the commitment is made. Other expenses are recorded when incurred.

Donor Restricted Gifts

The Federation reports its contributions in accordance with FASB ASC 958-605-50-1 (formally SFAS No. 116) "Accounting for Contributions Received and Contributions Made." In accordance with FASB ASC 958-605-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

Investments

Investments are carried in the financial statements at fair value. Investments held to maturity in excess of one year are reported as long-term investments. Unrealized holding gains and losses are reported in net investment income.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture, and Equipment

Equipment and furniture are stated at cost if purchased or at the approximate fair market value at the date of donation for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5-7 years

Functional Expenses

The cost of providing the various services and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited.

Income Taxes

The Federation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

The Federation follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management evaluated the Federation's tax position and concluded that the Federation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Federation is no longer subject to examination by tax authorities for periods before 2013. The Federation is not currently under audit by any tax jurisdiction.

Donated Services

The value of donated services is not recorded since there is no clearly measurable basis available. Nevertheless, a substantial number of volunteers have donated their time to Federation activities.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Federation's financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, and investments. The Federation maintains cash equivalents in excess of federally insured limits. The Federation's cash, cash equivalents, and investments are in institutions whose credit ratings are monitored by the Federation. This policy limits exposure to concentrations of credit risk.

Subsequent Events

Subsequent events were evaluated through October 5, 2017, which is the date the financial statements were available to be issued.

NOTE 3. FURNITURE AND EQUIPMENT

The cost of furniture and equipment and accumulated depreciation thereon is as follows at June 30, 2017.

Furniture and equipment	\$	114,834
Less: Accumulated depreciation		<u>(90,572)</u>
Furniture and equipment, net	\$	<u>24,262</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 4. SHORT-TERM INVESTMENTS

Short-term investments at June 30, 2017, consist of the following.

	<u>Available for Operations</u>	<u>Held for Campaign Endowments</u>	<u>Total</u>
Money market funds	\$ 338,818	\$ -	\$ 338,818
Corporate bonds	360,996	-	360,996
Government agency bonds	304,255	-	304,255
Israel bonds	30,733	-	30,733
Other investments	829,850	-	829,850
Cash surrender value of life insurance	-	20,958	20,958
	<u>1,864,652</u>	<u>20,958</u>	<u>1,885,610</u>
Less: long-term investments	<u>1,525,834</u>	<u>20,958</u>	<u>1,546,792</u>
	<u>\$ 338,818</u>	<u>\$ -</u>	<u>\$ 338,818</u>

The stated cost for investments is \$1,893,684 at June 30, 2017.

Investment income for the year ended June 30, 2017 consists of the following:

Interest and dividend income	\$ 42,381
Net realized gain	22,934
Net unrealized gain	17,427
Investment fees – Caprin	(3,296)
Investment fees – RJF	<u>(5,201)</u>
	<u>\$ 74,245</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 5. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	\$ 360,996	\$ 360,996	\$ -	\$ -
Government agency bonds	304,255	304,255	-	-
Israel bonds	30,733	-	30,733	-
Other investments	829,850	683,046	111,367	35,437
Cash surrender value of life insurance	<u>20,958</u>	<u>-</u>	<u>-</u>	<u>20,958</u>
	<u>\$ 1,546,792</u>	<u>\$ 1,348,297</u>	<u>\$ 142,100</u>	<u>\$ 56,395</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Cash surrender value of life insurance	Private Equity Investments
July 1, 2016	\$ 17,640	\$ 22,791
Unrealized gain	<u>3,318</u>	<u>12,646</u>
June 30, 2017	<u>\$ 20,958</u>	<u>\$ 35,437</u>

Unrealized gains included in unrestricted net assets for the year are reported in investment income.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair values of level 3 assets were determined by direct confirmation with the annuity insurance company and the brokerage firm.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 6. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2017 from the annual welfare fund campaign are as follows:

Receivable in less than one year	\$ 2,133,921
Less: allowance for uncollectible pledges	<u>(439,185)</u>
Net pledges receivable at June 30, 2017	<u>\$ 1,694,736</u>

It is management's policy to report the allowance for uncollectible pledges cumulatively, regardless of the year the pledge was signed, until there is a determination that the pledge is uncollectible. Of the amount shown here, a significant portion (\$180,927) is from two donors. Both donors have indicated the payments will be collected from their respective legacies.

NOTE 7. SUMMARY OF ALLOCATIONS

The allocations to organizations for 2017 are summarized as follows:

Overseas	\$ 606,566
Local	906,520
Non-local	162,931
Special allocations	75,609
Other allocations (temporarily restricted)	<u>525,000</u>
	<u>\$ 2,276,626</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 8. NOTES RECEIVABLE

The Federation originated a note receivable with an unrelated party on December 9, 2009 in the amount of \$6,300 with interest at the lowest applicable federal rate for mid-term obligations. \$40 in interest has been recorded for the year ended June 30, 2017. Monthly payments of \$200 were required until maturity in November 2017. This note receivable was paid in full prior to June 30, 2017.

The Federation originated an unsecured note receivable on June 30, 2013 with an unrelated party in the amount of \$50,000 with interest at 2.25% per annum. \$900 in interest has been recorded for the year ended June 30, 2017. Principal payments of \$5,000 and accrued interest are payable annually beginning June 30, 2015. As of June 30, 2017, the balance on this note receivable was \$35,000. The note matures on June 30, 2024. No allowance for loan loss has been recorded as management believes the balance to be fully collectible.

Notes receivable are presented as follows:

Notes receivable at June 30, 2017	\$ 35,000
Less: notes receivable, current portion	<u>(5,000)</u>
Long-term notes receivable at June 30, 2017	<u>\$ 30,000</u>

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at June 30, 2017 are as follows:

Donor designated gifts	\$ 525,000
Annual Welfare Fund Campaign – 2017	13,500
Special projects	<u>11,143</u>
	<u>\$ 549,643</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 10. NET ASSETS

Unrestricted and temporarily restricted net assets at June 30, 2017 are available for the following purposes:

Unrestricted net assets

Board Designated

2016-2017 operating budget	\$	171,311
Richmond Community Jewish Education		39,047
Jewish community relations		84,559
Outreach and engagement		111,996
Indigent funds		5,000
Teen Mission scholarships		5,000
Administrative development		29,435
Local agency capital needs		<u>88,475</u>
		534,823

Operating

881,288

\$ 1,416,111

Temporarily restricted net assets

H. J. Levinson Maimonides Fund	\$	10,261
Campaign endowments		20,958
Special projects		11,633
Annual Welfare Fund Campaign - 2018		<u>71,870</u>
	\$	<u>114,722</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 11. PENSION RETIREMENT PLANS

Between 1970 and 2007, the Federation participated in a Mutual of America defined benefit pension plan administered by United Way of Greater Richmond and Petersburg to participating affiliated agencies. In 2007, United Way of Greater Richmond and Petersburg terminated this plan. On October 17, 2007, the Federation's Board of Directors approved a resolution to stop accruing employee benefits in this plan as of December 31, 2007.

The economic recession depreciated the pension plan assets while at the same time the pension liability continues to grow as employees age in the plan and become closer to receiving a benefit. Additionally, at the direction of the United Way, the Federation did not make any contributions to the plan between 2003 and 2008. The July 1, 2016 funded status report calculates \$30.2M in assets and \$44.7M in liabilities resulting in a \$14.5M under funding. Contributions are required by each agency until the appropriate funding level is obtained. The underfunded amount will be recalculated each year as market interest rates change. The Federation's share of the underfunded liability payable for its 2017-2018 fiscal year is \$74,701. From 2018 through 2023, it is projected by the pension administrator that the annual pension liability will remain static, assuming no other participating agencies cease operations. If another agency were to shut down, the remaining participating agencies would absorb the underfunded liability of the defunct agency.

On July 1, 1998, the Federation established a defined contribution retirement plan. Currently, the Federation matches up to 4% of an employee's salary. Those employed on July 1, 1998 who were eligible for benefits were fully vested. New employees become fully vested in three years. The Federation's contributions to this plan were \$19,345 and \$17,130 for 2017 and 2016, respectively.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2017

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Federation has an agreement with the Richmond Jewish Foundation whereby on an annual basis the Federation allocates a portion of certain overhead expenses to the Foundation. The Federation received \$34,675 for the year ended June 30, 2017, which includes dues to the Jewish Federations of North America.

Effective September 1, 2006, the Federation and the Weinstein Jewish Community Center entered into a formal lease agreement. The Federation will pay the Weinstein Jewish Community Center a yearly base rent of \$40,000. On September 1, 2008 and each September 1 thereafter for a period of twenty years, the base will increase by 2.5% annually to absorb any increased fixed or variable costs. Such charges amounted to \$49,664 for the year ended June 30, 2017.

Following is a schedule of future lease commitments:

2018	\$	50,906
2019		52,178
2020		53,482
2021		54,819
2022		56,189
Thereafter		<u>380,455</u>
	\$	<u>648,029</u>

On April 8, 2015, the Federation entered into a computer services agreement with an unrelated local corporation for computer hardware and software support. This agreement requires monthly payments of \$1,265 through April 7, 2018. Under the terms of the agreement, this contract may be extended for another three-year term with a 5% increase. For the year ended June 30, 2017, the expense for these computer services was \$15,180.

SUPPLEMENTARY INFORMATION

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2017

<u>Year</u>	<u>Total Campaign Pledges</u>	<u>Total Collections</u>	<u>Cancellations and Adjustments</u>
2017	\$ 3,081,760	\$ 1,412,193	\$ -
2016	3,003,930	2,799,997	(47,167)
2015	3,023,242	2,971,819	(6,132)
2014	3,076,807	3,009,348	(2,800)
2013 and prior	103,436,719	101,750,309	(1,488,771)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2017

Pledges Receivable at June 30, 2017

Gross	Reserve Allowance	Net	Percentage Collected To Date
\$ 1,669,567	\$ 100,000	\$ 1,569,567	46.0%
156,766	52,833	103,933	93.0%
45,291	40,350	4,941	98.0%
64,659	48,364	16,295	98.0%
197,639	197,639	-	98.0%

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2017

	<u>Allocation Payable June 30, 2016</u>	<u>2016-2017 Allocated</u>	<u>2016-2017 Payments and Unused Allocations</u>	<u>Allocation Payable June 30, 2017</u>
OVERSEAS				
JFNA Welfare Fund	\$ 1,367,199	\$ 540,731	\$ 701,914	\$ 1,206,016
Overseas Electives	168,702	61,081	90,573	139,210
I & O US Based	26,656	4,754	12,090	19,320
	<u>1,562,557</u>	<u>606,566</u>	<u>804,577</u>	<u>1,364,546</u>
NON-LOCAL				
Aleph Bet Pre-school	13,785	13,759	13,785	13,759
BBYO	20,000	20,000	20,000	20,000
BBYO/VHM Impact Grant	-	20,000	-	20,000
Bonay Kodesh Impact Grant	7,250	10,000	7,250	10,000
Congregation Or Atid Impact Grant	-	8,500	-	8,500
GMU Hillel	4,200	4,200	4,200	4,200
Honeymoon Israel	12,000	-	12,000	-
JCPA	1,125	1,162	1,125	1,162
JMU Hillel	2,640	1,800	1,000	3,440
KBI/JSU Impact Grant	15,000	15,000	15,000	15,000
Radford Hillel	800	1,000	800	1,000
Taglit-Birthright Israel	17,000	17,000	17,000	17,000
Temple Beth-El Impact Grant	10,000	7,500	10,000	7,500
UVA Hillel	5,250	5,250	5,250	5,250
VA Tech Hillel	5,250	5,250	5,250	5,250
VAAD	500	500	500	500
VCU Judaic Program	250	250	250	250
VCU/Local Hillel	10,500	10,500	10,500	10,500
VCU Hillel Impact Grant	-	20,000	-	20,000
Washington and Lee Hillel	1,260	1,260	1,260	1,260
	<u>126,810</u>	<u>162,931</u>	<u>125,170</u>	<u>164,571</u>
LOCAL				
Beth Sholom Home	271,900	255,800	271,900	255,800
Jewish Family Services	162,000	161,000	162,000	161,000
Rudlin Torah Academy	183,387	168,720	183,387	168,720
Weinstein Jewish Community Center	439,500	321,000	381,000	379,500
	<u>1,056,787</u>	<u>906,520</u>	<u>998,287</u>	<u>965,020</u>

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2017

(Concluded)

	<u>Allocation Payable June 30, 2016</u>	<u>2016-2017 Allocated</u>	<u>2016-2017 Payments and Unused Allocations</u>	<u>Allocation Payable June 30, 2017</u>
SPECIAL				
Indigent Funeral	-	2,000	2,000	-
Aleph Bet Security	-	1,000	1,000	-
Community Study	-	32,972	32,972	-
RTA Security	-	7,495	7,495	-
Weinstein JCC Security	-	12,500	12,500	-
Zaporozhye	-	19,642	19,642	-
	<u>-</u>	<u>75,609</u>	<u>75,609</u>	<u>-</u>
RESTRICTED				
American Jewish JDC	2,500	122,000	113,500	11,000
American Red Magen David	-	7,000	7,000	-
Chabad Lubavitch	-	45,000	45,000	-
Haifa Women's Shelter	-	5,000	5,000	-
Honeymoon Israel	28,000	10,000	38,000	-
JFNA - Neve Michael	-	5,000	5,000	-
Kibbutz Yahel	-	10,000	10,000	-
Local Agency Specific	20,896	317,000	31,716	306,180
Yad Vashem	-	4,000	4,000	-
Zaporozhye	7,000	-	-	7,000
	<u>58,396</u>	<u>525,000</u>	<u>259,216</u>	<u>324,180</u>
	<u>\$ 2,804,550</u>	<u>\$ 2,276,626</u>	<u>\$ 2,262,859</u>	<u>\$ 2,818,317</u>