

*Jewish Community Federation
of Richmond*

FINANCIAL REPORT

JUNE 30, 2019

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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, 2019 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, 2018 financial statements and, in our report dated September 5, 2018, 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, 2019, 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.

Pike & Moreley, LLC

Richmond, Virginia
September 9, 2019

FINANCIAL STATEMENTS

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2019

With Comparative Amounts as of June 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 71,664	\$ 206,860
Short-term investments, at market value	359,183	260,142
Accounts receivable	77,186	68,129
Pledges receivable		
Annual Welfare Fund Campaign, net of reserve of \$414,127 in 2019 and \$402,950 in 2018	1,657,591	1,723,038
Supplemental Campaign, net of reserve of \$0 in 2019 and 2018	46,720	-
2019 Israel Emergency Campaign, net of reserve of \$0 in 2019 and 2018	250	-
Other receivables	-	9,007
Notes receivable, current portion	5,000	5,000
Prepaid expenses and other current assets	<u>35,398</u>	<u>37,854</u>
 Total current assets	 <u>2,252,992</u>	 <u>2,310,030</u>
 FURNITURE AND EQUIPMENT, NET	 <u>26,863</u>	 <u>35,494</u>
 OTHER ASSETS		
Long-term investments, at market value	1,654,969	1,611,269
Long-term campaign endowments	24,242	23,213
Long-term notes receivable	<u>20,000</u>	<u>25,000</u>
 Total other assets	 <u>1,699,211</u>	 <u>1,659,482</u>
 Total assets	 <u>\$ 3,979,066</u>	 <u>\$ 4,005,006</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Financial Position

June 30, 2019

With Comparative Amounts as of June 30, 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 16,753	\$ 24,804
Allocations payable	2,500,963	2,440,987
Deferred revenue	27,000	-
Defined benefit pension liability	<u>75,145</u>	<u>74,100</u>
Total current liabilities	<u>2,619,861</u>	<u>2,539,891</u>
NET ASSETS		
Without donor restrictions		
Operating	707,067	902,362
Board designated for special programs	<u>471,044</u>	<u>515,845</u>
Total without donor restrictions	1,178,111	1,418,207
With donor restrictions	<u>181,094</u>	<u>46,908</u>
Total net assets	<u>1,359,205</u>	<u>1,465,115</u>
Total liabilities and net assets	<u>\$ 3,979,066</u>	<u>\$ 4,005,006</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Without Donor Restrictions			Total	
	Operating Fund	Plant Fund	With Donor Restrictions	2019	2018
SUPPORT AND OTHER REVENUE					
Annual Welfare Campaign Fund - current year	\$ 2,390,990	\$ -	\$ 362,000	\$ 2,752,990	\$ 2,725,143
Annual Welfare Campaign Fund - future year	-	-	67,800	67,800	3,216
Supplemental Campaign - Local	-	-	69,602	69,602	-
Supplemental Campaign - Overseas	-	-	5,945	5,945	-
2019 Israel Emergency Campaign	7,218	-	-	7,218	-
Other contributions	-	-	-	-	69,853
Campaign endowments	-	-	1,030	1,030	2,255
Prior years' pledges and collections over estimated value	52,739	-	-	52,739	117,338
Program income	28,762	-	-	28,762	8,041
Reflector income	41,599	-	-	41,599	52,645
Mission income	7,096	-	-	7,096	108,754
Investment income, net	47,211	-	-	47,211	60,056
Grants	30,018	-	-	30,018	15,846
Richmond Jewish Foundation reimbursement	36,400	-	-	36,400	35,415
Miscellaneous	24,255	-	3,243	27,498	50,522
In-kind contributions	5,685	-	-	5,685	1,972
Gain (loss) on disposal of property and equipment	(5,796)	-	-	(5,796)	12,650
Net assets released from restrictions	375,434	-	(375,434)	-	-
Total revenues and other support	<u>3,041,611</u>	<u>-</u>	<u>134,186</u>	<u>3,175,797</u>	<u>3,263,706</u>
EXPENSES AND OTHER DEDUCTIONS					
Allocations, organizations, and programs	2,022,795	-	-	2,022,795	1,941,921
Program services					
Jewish community relations	92,587	-	-	92,587	84,396
Richmond Jewish Foundation	28,565	-	-	28,565	27,065
Outreach and engagement	126,789	-	-	126,789	238,699
Reflector	103,702	-	-	103,702	97,546
Richmond community Jewish education	24,324	-	-	24,324	17,290
Management and general	198,529	-	-	198,529	256,291
Fundraising	662,355	-	-	662,355	649,773
Depreciation	22,061	-	-	22,061	16,443
Total expenses and other deductions	<u>3,281,707</u>	<u>-</u>	<u>-</u>	<u>3,281,707</u>	<u>3,329,424</u>

(Continued)

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Activities

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

(Concluded)

	<u>Without Donor Restrictions</u>			<u>Total</u>	
	<u>Operating Fund</u>	<u>Plant Fund</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
Deficiency of support and other revenue over expenses and other deductions before transfers	<u>(240,096)</u>	<u>-</u>	<u>134,186</u>	<u>(105,910)</u>	<u>(65,718)</u>
TRANSFERS	<u>8,631</u>	<u>(8,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS					
Without donor restrictions	<u>(231,465)</u>	<u>(8,631)</u>	<u>-</u>	<u>(240,096)</u>	<u>2,096</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>134,186</u>	<u>134,186</u>	<u>(67,814)</u>
Increase (decrease) in net assets	<u>(231,465)</u>	<u>(8,631)</u>	<u>134,186</u>	<u>(105,910)</u>	<u>(65,718)</u>
Net assets at beginning of year	<u>1,382,713</u>	<u>35,494</u>	<u>46,908</u>	<u>1,465,115</u>	<u>1,530,833</u>
Net assets at end of year	<u>\$ 1,151,248</u>	<u>\$ 26,863</u>	<u>\$ 181,094</u>	<u>\$ 1,359,205</u>	<u>\$ 1,465,115</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Program		
	Jewish Community Relations	Richmond Jewish Foundation	Outreach and Engagement
Salaries			
Professional salaries	\$ 45,123	\$ -	\$ 60,311
Staff salaries	2,468	-	2,468
Total salaries	47,591	-	62,779
Defined benefit pension	-	-	-
Fringe benefits and related expenses	7,502	-	13,914
Total salaries and related expenses	55,093	-	76,693
Program/meetings	17,616	-	10,229
PJ Library program	-	-	19,892
Reflector publishing	-	-	-
Printing and photography	239	-	336
Information systems / technology	1,280	1,660	1,280
Leadership development	-	-	1,144
Postage	431	2,585	855
Missions	-	-	7,096
Telephone	599	1,656	552
Auto	652	23	460
Office supplies	776	574	771
Occupancy	5,829	15,408	5,829
Payroll preparation / bank fees	-	1,220	-
Marketing / website	-	-	-
Equipment maintenance	186	1,814	378
Staff / volunteer conferences	3,672	-	781
Professional fees	960	-	480
Insurance	-	3,613	-
Subscriptions	116	12	13
Dues / sponsorships	2,890	-	-
Staff recruiting	-	-	-
Security	2,248	-	-
Credit card fees	-	-	-
	37,494	28,565	50,096
Total functional expenses	\$ 92,587	\$ 28,565	\$ 126,789

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Functional Expenses

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

Reflector	Services			Total		
	Rich. Comm. Jewish Education	Total Program Services	Management and General	Fundraising	2019	2018
\$ 19,092	\$ -	\$ 124,526	\$ 103,852	\$ 290,845	\$ 519,223	\$ 551,297
<u>25,279</u>	-	<u>30,215</u>	<u>29,197</u>	<u>49,965</u>	<u>109,377</u>	<u>103,870</u>
44,371	-	154,741	133,049	340,810	628,600	655,167
-	-	-	22,549	52,601	75,150	74,098
<u>5,408</u>	-	<u>26,824</u>	<u>13,152</u>	<u>51,929</u>	<u>91,905</u>	<u>105,566</u>
<u>49,779</u>	-	<u>181,565</u>	<u>168,750</u>	<u>445,340</u>	<u>795,655</u>	<u>834,831</u>
-	24,324	52,169	-	84,285	136,454	101,894
-	-	19,892	-	-	19,892	10,835
45,267	-	45,267	-	-	45,267	45,970
1,230	-	1,805	1,183	9,480	12,468	12,959
1,530	-	5,750	7,615	11,240	24,605	23,672
-	-	1,144	-	-	1,144	-
458	-	4,329	1,621	4,498	10,448	14,332
-	-	7,096	-	14,822	21,918	127,244
276	-	3,083	828	1,849	5,760	5,903
162	-	1,297	777	3,732	5,806	4,943
411	-	2,532	358	2,770	5,660	6,029
2,970	-	30,036	6,332	23,094	59,462	58,612
-	-	1,220	1,616	1,681	4,517	3,479
-	-	-	-	23,620	23,620	14,173
353	-	2,731	1,605	3,580	7,916	5,567
-	-	4,453	2,178	10,814	17,445	5,830
-	-	1,440	3,300	4,800	9,540	11,250
1,204	-	4,817	2,352	4,764	11,933	8,509
62	-	203	14	35	252	617
-	-	2,890	-	3,020	5,910	1,365
-	-	-	-	851	851	62,635
-	-	2,248	-	86	2,334	-
-	-	-	-	7,994	7,994	10,411
<u>53,923</u>	<u>24,324</u>	<u>194,402</u>	<u>29,779</u>	<u>217,015</u>	<u>441,196</u>	<u>536,229</u>
<u>\$ 103,702</u>	<u>\$ 24,324</u>	<u>\$ 375,967</u>	<u>\$ 198,529</u>	<u>\$ 662,355</u>	<u>\$ 1,236,851</u>	<u>\$ 1,371,060</u>

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Statement of Cash Flows

For the Year Ended June 30, 2019

With Comparative Amounts for the Year Ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (105,910)	\$ (65,718)
Adjustments to reconcile change in net assets to cash used in operating activities		
Depreciation	22,061	16,443
Unrealized (gain) loss on investments	3,861	(4,299)
Realized gain on sale of investments	(18,560)	(20,432)
(Gain) loss on disposal of property and equipment	5,796	(12,650)
Changes in assets and liabilities:		
Campaign endowments	(1,029)	(2,255)
Accounts receivable	(9,057)	51,796
Pledges receivable		
Annual Welfare Fund Campaign	65,447	(28,302)
Supplemental Campaign	(46,720)	-
2019 Israel Emergency Campaign	(250)	-
2015 Israel Emergency Campaign	-	260
Other receivables	9,058	21,555
Prepaid expenses and other current assets	2,456	(17,692)
Notes receivable interest	(787)	(787)
Accounts payable and accrued expenses	(8,051)	6,712
Allocations payable	59,976	(377,330)
Deferred revenue	27,000	(16,100)
Defined benefit pension liability	1,045	(601)
Net cash provided by (used in) operating activities	6,336	(449,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments on notes receivable	5,787	5,787
Proceeds from maturity of investments	767,612	425,086
Purchase of investments	(897,469)	(409,984)
Investment fees paid	1,764	1,743
Proceeds from sale of property and equipment	-	12,650
Purchase of furniture and equipment	(19,226)	(27,675)
Net cash provided by (used in) investing activities	(141,532)	7,607
Net decrease in cash and cash equivalents	(135,196)	(441,793)
CASH AND CASH EQUIVALENTS		
Beginning	206,860	648,653
Ending	\$ 71,664	\$ 206,860

See accompanying notes.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

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

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, these financial statements reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned, and expenses are recognized when incurred.

Information regarding the Federation’s financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. These net assets may be used at the discretion of the Federation’s management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 with or without donor restrictions 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 with donor restrictions and are then reclassified to net assets without donor restrictions 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.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

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. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort.

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 2015. The Federation is not currently under audit by any tax jurisdiction.

Donated Services

A substantial number of volunteers have donated their time to Federation activities. \$5,685 has been recorded for in-kind marketing services for the year ended June 30, 2019.

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

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 September 9, 2019, which is the date the financial statements were available to be issued.

NOTE 3. NEW ACCOUNTING PRONOUNCEMENT

On August 8, 2016, the FASB issued ASU 2016-14, Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the financial statements:

- Temporarily restricted net assets have been renamed net assets with donor restrictions.
- Unrestricted net assets have been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and the availability of resources (Note 4).

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 3. NEW ACCOUNTING PRONOUNCEMENT (Concluded)

The changes have made the following effect on net assets as of June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 1,418,207	\$ -
Temporarily restricted net assets	46,908	-
Net assets without donor restrictions	-	1,418,207
Net assets with donor restrictions	-	46,908
	<u>\$ 1,465,115</u>	<u>\$ 1,465,115</u>

In addition, certain amounts in the prior-year financial statement presentation have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2019, net assets with donor restrictions are available for their intended purposes as such expenditures are incurred, except for pledges receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. Likewise, as of June 30, 2019, all net assets without donor restrictions are available to meet cash needs for general expenditures of the organization within one year.

NOTE 5. FURNITURE AND EQUIPMENT

The cost of furniture and equipment and accumulated depreciation thereon is as follows at June 30, 2019.

Furniture and equipment	\$ 104,502
Less: Accumulated depreciation	<u>(77,639)</u>
Furniture and equipment, net	<u>\$ 26,863</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 6. SHORT-TERM INVESTMENTS

Short-term investments at June 30, 2019, consist of the following.

	<u>Available for Operations</u>	<u>Held for Campaign Endowments</u>	<u>Total</u>
Money market funds	\$ 359,183	\$ -	\$ 359,183
Corporate bonds	328,625	-	328,625
Government agency bonds	386,775	-	386,775
Israel bonds	28,431	-	28,431
Other investments	911,138	-	911,138
Cash surrender value of life insurance	-	24,242	24,242
	<u>2,014,152</u>	<u>24,242</u>	<u>2,038,394</u>
Less: long-term investments	<u>1,654,969</u>	<u>24,242</u>	<u>1,679,211</u>
	<u>\$ 359,183</u>	<u>\$ -</u>	<u>\$ 359,183</u>

The stated cost for investments is \$2,027,217 at June 30, 2019.

Investment income for the year ended June 30, 2019 consists of the following:

Interest and dividend income	\$ 40,868
Net realized gain	18,561
Net unrealized loss	(3,862)
Investment fees – Caprin	(1,764)
Investment fees – RJF	<u>(6,592)</u>
	<u>\$ 47,211</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 7. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate bonds	\$ 328,625	\$ 328,625	\$ -	\$ -
Government agency bonds	386,775	386,775	-	-
Israel bonds	28,431	-	28,431	-
Other investments	911,138	744,767	122,994	43,377
Cash surrender value of life insurance	<u>24,242</u>	<u>-</u>	<u>-</u>	<u>24,242</u>
	<u>\$ 1,679,211</u>	<u>\$ 1,460,167</u>	<u>\$ 151,425</u>	<u>\$ 67,619</u>

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

	<u>Cash surrender value of life insurance</u>	<u>Private Equity Investments</u>
July 1, 2018	\$ 23,213	\$ 38,965
Unrealized gain	<u>1,029</u>	<u>4,412</u>
June 30, 2019	<u>\$ 24,242</u>	<u>\$ 43,377</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, 2019

NOTE 8. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 from the annual welfare fund campaign are as follows:

Receivable in less than one year	\$ 2,071,718
Less: allowance for uncollectible pledges	<u>(414,127)</u>
Net pledges receivable at June 30, 2019	<u>\$ 1,657,591</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 (\$630,000) is from five donors. These donors have indicated the payments will be collected from their respective legacies.

NOTE 9. SUMMARY OF ALLOCATIONS

The allocations to organizations for 2019 are summarized as follows:

Overseas	\$ 640,789
Local	828,007
Non-local	162,900
Special allocations	90,530
Other allocations (donor restricted)	<u>362,000</u>
	<u>\$ 2,084,226</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 10. NOTES RECEIVABLE

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. \$787 in interest has been recorded for the year ended June 30, 2019. Principal payments of \$5,000 and accrued interest are payable annually beginning June 30, 2015. As of June 30, 2019, the balance on this note receivable was \$25,000. 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, 2019	\$	25,000
Less: notes receivable, current portion		<u>(5,000)</u>
Long-term notes receivable at June 30, 2018	\$	<u>20,000</u>

NOTE 11. 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, 2019 are as follows:

Donor designated gifts	\$	362,000
Annual Welfare Fund Campaign – 2019		8,216
Special projects		<u>5,218</u>
	\$	<u>375,434</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 12. NET ASSETS

Net assets with and without donor restrictions at June 30, 2019 are available for the following purposes:

Net assets without donor restrictions

Board Designated		
2019-2020 operating budget	\$	191,420
Richmond Community Jewish Education		31,750
Jewish community relations		86,822
Outreach and engagement		96,828
Indigent funds		5,000
Teen Mission scholarships		5,000
Local agency capital need		<u>54,224</u>
		471,044
 Operating		 <u>707,067</u>
	\$	<u>1,178,111</u>

Net assets with donor restrictions

H. J. Levinson Maimonides Fund	\$	10,261
Campaign endowments		24,242
Special projects		3,244
Annual Welfare Fund Campaign - 2019		67,800
Supplemental Campaign - Local		69,602
Supplemental Campaign - Overseas		<u>5,945</u>
	\$	<u>181,094</u>

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 13. 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, 2019 funded status report calculates \$35.0M in assets and \$47.7M in liabilities resulting in a \$12.7M 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 2018-2019 fiscal year is \$75,150. From 2019 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 \$15,299 and \$19,296 for 2019 and 2018, respectively. During 2018-2019, forfeitures of \$7,342 were netted against the expense.

JEWISH COMMUNITY FEDERATION OF RICHMOND

Notes to Financial Statements

June 30, 2019

NOTE 14. 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 \$36,400 for the year ended June 30, 2019, 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 \$52,178 for the year ended June 30, 2019

Following is a schedule of future lease commitments:

2020	\$	53,482
2021		54,819
2022		56,189
2023		57,594
2024		59,034
Thereafter		<u>263,827</u>
	\$	<u>544,945</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 currently requires monthly payments of \$1,348 through April 7, 2021. Under the terms of the agreement, this contract was extended for a three-year term with a 5% increase. For the year ended June 30, 2019, the expense for these computer services was \$16,170.

On May 30, 2018, the Federation entered into an operating lease agreement with an unrelated corporation for office equipment. This agreement requires monthly payments of \$311 through April 30, 2023. For the year ended June 30, 2019, the expense for these services was \$3,731.

SUPPLEMENTARY INFORMATION

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2019

<u>Year</u>	<u>Total Campaign Pledges</u>	<u>Total Collections</u>	<u>Cancellations and Adjustments</u>
2019	\$ 2,857,990	\$ 1,147,738	\$ -
2018	2,825,143	2,681,956	(25,517)
2017	3,081,760	2,984,953	(63,415)
2016	3,003,930	2,938,160	(51,636)
2015 and prior	109,536,768	107,826,199	(1,514,301)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Pledges Receivable and Collections History

June 30, 2019

Pledges Receivable at June 30, 2019

Gross	Reserve Allowance	Net	Percentage Collected To Date
\$ 1,710,252	\$ 100,000	\$ 1,610,252	40.0%
117,670	70,332	47,338	95.0%
33,392	33,392	-	97.0%
14,135	14,135	-	98.0%
196,268	196,268	-	98.0%

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2019

	<u>Allocation Payable June 30, 2018</u>	<u>2018-2019 Allocated</u>	<u>2018-2019 Payments and Unused Allocations</u>	<u>Allocation Payable June 30, 2019</u>
OVERSEAS				
JFNA Welfare Fund	\$ 1,088,368	\$ 557,116	\$ 511,077	\$ 1,134,407
Overseas Electives	67,552	72,205	136,479	3,277
I & O US Based	11,840	11,468	15,434	7,875
	<u>1,167,760</u>	<u>640,789</u>	<u>662,990</u>	<u>1,145,559</u>
NON-LOCAL				
Aleph Bet Pre-school	13,759	13,750	13,759	13,750
BBYO	20,000	20,000	20,000	20,000
BBYO/VHM Impact Grant	8,000	10,000	8,000	10,000
Friendship Circle Inclusion Grant	-	6,850	-	6,850
GMU Hillel	4,200	5,000	4,200	5,000
Honeymoon Israel Grant	-	5,000	-	5,000
Interfaith Programming Impact Grant	15,000	-	-	15,000
JELF	-	1,500	-	1,500
Jewish VCU	10,500	10,500	10,500	10,500
Jewish VCU Impact Grant	20,000	24,800	20,000	24,800
JMU Hillel	2,140	1,000	500	2,640
KBI/JSU Impact Grant	8,000	10,000	8,000	10,000
Kehillah Grant	-	4,000	-	4,000
Match Pool Grant	-	20,000	-	20,000
Radford Hillel	1,000	1,000	1,000	1,000
Taglit-Birthright Israel	10,000	11,500	10,000	11,500
Temple Beth-El Impact Grant	-	6,500	-	6,500
UVA Hillel	5,250	5,000	5,250	5,000
VA Tech Hillel	5,250	5,000	5,250	5,000
VAAD	500	500	500	500
Washington and Lee Hillel	1,260	-	1,260	-
William & Mary Hillel	-	1,000	-	1,000
	<u>124,859</u>	<u>162,900</u>	<u>108,219</u>	<u>179,540</u>
LOCAL				
Beth Sholom Home	202,536	212,783	202,536	212,783
Jewish Family Services	162,660	160,594	162,660	160,594
Rudlin Torah Academy	166,278	167,400	166,278	167,400
Weinstein Jewish Community Center	352,644	287,230	302,787	337,087
	<u>884,118</u>	<u>828,007</u>	<u>834,261</u>	<u>877,864</u>

(Continued)

JEWISH COMMUNITY FEDERATION OF RICHMOND

Schedule of Allocations and Payments

June 30, 2019

(Concluded)

	<u>Allocation Payable June 30, 2018</u>	<u>2018-2019 Allocated</u>	<u>2018-2019 Payments and Unused Allocations</u>	<u>Allocation Payable June 30, 2019</u>
SPECIAL				
Indigent Funeral	-	2,000	2,000	-
JCFR Investment	-	58,538	58,538	-
Life & Legacy Program	-	-	-	-
Security	-	26,342	26,342	-
Teen Mission Scholarships	-	3,650	3,650	-
Zaporozhye	-	-	-	-
	-	90,530	90,530	-
RESTRICTED				
American Jewish JDC	-	-	-	-
American Red Magen David	-	8,000	8,000	-
Chabad Lubavitch	-	50,000	50,000	-
Haifa Women's Shelter	-	5,000	5,000	-
Interfaith Mission	1,000	-	1,000	-
Interfaith Programming	10,250	-	250	10,000
JFNA - Neve Michael	-	15,000	5,000	10,000
Local Agency Specific	250,000	275,000	250,000	275,000
Richmond Ballet - Minds in Motion	-	5,000	5,000	-
Yad Vashem	-	4,000	4,000	-
Zaporozhye	3,000	-	-	3,000
	264,250	362,000	328,250	298,000
	\$ 2,440,987	\$ 2,084,226	\$ 2,024,251	\$ 2,500,963