THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

CONTENTS

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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, 2018 and 2017, 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, 2018 and 2017. 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, 2018 and 2017, 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.

Teplitzky & Company P.C.

Woodbridge, Connecticut

May 17, 2019

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2018 AND 2017

ASSETS

	2018	2017
Assets		
Cash and Cash Equivalents	$ 182,856	$ 3,069,032
Unconditional Promises to Give, Net	2,007,378	1,005,756
Other Receivables, Net	135,709	154,192
Insurance Proceeds Receivable	949,077	-
Prepaid Expenses	54,381	59,508
Inventory	11,566	12,773
Beneficial Interest in Assets Held by Others	1,717,627	4,879,354
Deposits	1,545	26,212
Property and Equipment, Net	12,885,940	9,358,665
Total Assets	$ 17,946,079	$ 18,565,492

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities		
Accounts Payable and Allocations	$ 1,420,498	$ 1,122,678
Accrued Liabilities	426,213	223,688
Line of credit	185,000	450,000
Notes Payable - Demand	259,142	249,276
Notes Payable	337,813	2,829,673
Capital Leases Obligations	34,102	58,378
Deferred Compensation	200,806	150,632
Insurance Proceeds Reserved for Fire Repairs	-	2,589,314
Deferred Revenue	350,299	583,117
Total Liabilities	3,213,873	8,256,756
Net Assets:		
Without Donor Restrictions		
Undesignated	12,717,514	9,227,143
Board Designated	863,950	840,762
With Donor Restrictions	1,150,742	240,831
Total Net Assets	14,732,206	10,308,736
Total Liabilities and Net Assets	$ 17,946,079	$ 18,565,492

See accompanying notes

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

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 3,197,436	$ -	$ 3,197,436
Program Service Fees	2,433,848	-	2,433,848
Investment Return	332,891	18,808	351,699
Memberships	942,422	-	942,422
Rental Income	35,328	-	35,328
Miscellaneous Income	82,244	-	82,244
Net Assets Released from Restrictions	10,829	(10,829)	-
Total Revenue and Support	7,034,998	7,979	7,042,977
Expenses			
Program Services	5,629,841	-	5,629,841
Management and General	1,814,007	-	1,814,007
Fundraising	365,113	-	365,113
Total Expenses	7,808,961	-	7,808,961
Change in Net Assets From Operations	(773,963)	7,979	(765,984)
Unrealized Gain on Interest Rate Swaps	35,540	-	35,540
Change in Net Assets	(738,423)	7,979	(730,444)
Net Assets - Beginning of Year	10,806,328	232,852	11,039,180
Net Assets - End of Year	$10,067,905	$ 240,831	$10,308,736

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2018

	Grants and Allocations	Acculturation and Refugee Resettlement	Jewish Communities Relationship Council (JCRC)	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

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JULY 31, 2017

	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						
Community Support	$ 557,910	$ -	$ -	$ -	$ 58,463	$ 616,373
Israel & Overseas Programs	360,429	-	-	-	-	360,429
Wages, Taxes & Fringes	108	41,310	13,243	-	195,561	250,222
Bad Debt Expense	96,021	-	-	-	-	96,021
Professional Fees	1,840	-	-	-	80,797	82,637
Program Expenses	3,965	221	517	425	64,960	70,088
Utilities	-	1,813	2,277	-	19,037	23,127
Repairs, Maintenance & Equipment	200	1,035	1,300	603	19,935	23,073
National Agencies	21,474	-	-	-	-	21,474
Marketing	4,966	262	1,631	1,013	10,780	18,652
Regional Agencies	18,220	-	-	-	-	18,220
Commercial Insurance	-	970	1,219	-	8,633	10,822
Bank Fees, Payroll & C/Card Processing	562	96	208	-	1,198	2,064
Synagogue Initiative	900	-	-	-	-	900
Meals, Travel & Lodging	-	-	24	-	334	358
Miscellaneous	121	-	-	-	-	121
Total Functional Expenses	$ 1,066,716	$ 45,707	$ 20,419	$ 2,041	$ 459,698	$ 1,594,581

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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

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	$ 1,218,987	$494,855	$1,097,611	$ 271,583	$421,359	$ 876,849	$ 77,541	$ 4,458,785

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

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

YEAR ENDED JULY 31, 2017

	Pre - School	Day Camp	Physical Education	Youth Services	Group Services	Other Member Services	Adult Education	Other Programs	Total Expenses
Functional Expenses									
Wages Taxes & Fringes	$ 860,979	$208,466	$ 784,241	$169,905	$187,190	$ 585,617	$ 33,358	$ -	$ 2,829,756
Program Expenses	70,836	173,663	53,077	55,689	63,215	20,024	41,543	21	478,068
Utilities	66,459	17,663	67,923	19,352	16,436	50,587	3,868	-	242,288
Repairs, Maintenance & Equipment	38,087	18,126	48,145	12,123	9,381	63,058	3,725	-	192,645
Commercial Insurance	35,570	11,160	36,354	10,218	8,797	26,786	1,953	-	130,838
Marketing	1,414	10,673	1,886	435	7,515	36,795	16,383	-	75,101
Bank Fees, Payroll & C/Card Processing	3,527	7,175	4,951	1,013	47,147	2,682	336	-	66,831
Bad Debt Expense	10,222	-	-	-	-	-	-	-	10,222
Meals, Travel & Lodging	-	-	4	42	988	1,573	4,935	-	7,542
Professional Fees	1,652	-	-	-	-	-	-	-	1,652
Miscellaneous	-	227	-	-	-	90	-	-	317
Total Functional Expenses	$1,088,746	$447,153	$ 996,581	$268,777	$340,669	$ 787,212	$106,101	$ 21	$ 4,035,260

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JULY 31, 2018 AND 2017

	2018		2017	
	Management and General	Fundraising	Management and General	Fundraising
Expenses				
Wages Taxes & Fringes	$ 847,543	$ 295,199	$ 752,324	$ 310,795
Utilities	85,146	26,691	69,297	17,464
Repairs, Maintenance & Equipment	107,312	16,103	78,202	10,573
Program Expenses	101,135	45,946	109,115	9,892
Commercial Insurance	30,036	11,084	29,472	9,312
Community support	21,016	-	-	-
Interest	40,917	-	141,896	2,896
Bank Fees, Payroll & C/Card Processing	43,255	1,688	49,380	1,568
Professional Fees	119,700	1,751	73,473	1,232
Marketing	15,347	8,392	19,661	1,108
Miscellaneous	5,048	47	21,781	220
Bad Debt Expense	-	-	1,861	38
Meals, Travel & Lodging	5,062	741	6,003	15
Depreciation	530,232	7,597	461,542	-
Total Expenses	$ 1,951,749	$ 415,239	$ 1,814,007	$ 365,113

See accompanying notes

THE JEWISH FEDERATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in Net Assets	$ 4,423,470	$ (730,444)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	537,829	461,542
Bad Debt Expense	9,139	10,000
Change in Fair Value of Beneficial Interest in Assets Held by Others	(125,424)	(78,708)
Non-Cash Gifts Received included in Contributions	-	(178,778)
Unrealized Gain on Interest Rate Swaps	-	(35,540)
Decrease (Increase) in Assets:		
Unconditional Promises to Give	(1,010,761)	277,753
Other Receivables	18,483	(12,047)
Insurance Proceeds Receivable	(949,077)	-
Inventory	1,207	23,836
Prepaid Expenses	5,127	(758)
Deposits	24,667	(24,667)
(Decrease) Increase in Liabilities:		
Accounts Payable and Allocations	297,820	230,432
Accrued Liabilities	202,525	(36,783)
Deferred Compensation	50,174	(6,468)
Insurance Proceeds Reserved for Fire Repairs	(2,589,314)	2,589,314
Deferred Revenue	(232,818)	224,003
Net Cash Provided by Operating Activities	663,047	2,712,687
Cash Flows from Investing Activities:		
Distributions received from Beneficial Interest in Assets Held by Others	3,287,151	-
Purchases of Property and Equipment	(3,727,043)	(104,790)
Net Cash Used in Investing Activities	(439,892)	(104,790)
Cash Flows from Financing Activities:		
Net Borrowings (Repayments) on Notes Payable - Demand	9,866	4,624
Proceeds on Line of Credit	820,000	450,000
Repayments on Line of Credit	(1,085,000)	-
Repayments of Notes Payable	(2,829,921)	(139,762)
Borrowings on Capital Lease Obligations	-	26,306
Repayments of Capital Lease Obligations	(24,276)	(14,905)
Net Cash (Used in) Provided by Financing Activities	(3,109,331)	326,263
Net (Decrease) Increase in Cash and Cash Equivalents	(2,886,176)	2,934,160
Cash and Cash Equivalents - Beginning of Year	3,069,032	134,872
Cash and Cash Equivalents - End of Year	$ 182,856	$ 3,069,032

See accompanying notes

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.

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 2018, the Federation received in-kind donations valued at $15,000.

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 2.4 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 $50,000 and $110,000 as of July 31, 2018 and 2017, 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, 2018 and 2017. 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.

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, 2018 and 2017, 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 $17,910 and $23,775 for the years ended July 31, 2018 and 2017 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, 2018 and 2017, The Foundation held assets of $1,717,627 and $4,879,354, respectively for the benefit of The Federation

Functional Allocation of Expenses

Direct expenses are allocated, in total, to their respective programs. Indirect expenses are allocated to programs based on various equitable formula methods.

Deferred Revenue

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Insurance Proceeds, Net

On December 6, 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 are 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 May 17, 2019, the date on which the financial statements were available to be issued. No material subsequent events were identified for either recognition or disclosure.

Reclassifications

Certain 2017 amounts have been reclassified to conform with current year presentation.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Federation has approximately $2,627,000 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:

Cash and cash equivalents	$ 182,856
Unconditional Promises to Give, net	2,007,378
Other Receivables, Net	135,709
Insurance Proceeds Receivable	861,902
Total Financial Assets	3,187,845
Less those unavailable for general expenditures within one year due to:	
Donor imposed restrictions	(560,216)
Financial Assets Available to meet Cash needs for general expenditures within one year	$ 2,627,629

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:	2018	2017
Less Than One Year	$ 1,524,570	$ 1,079,324
One to Five Years	560,216	36,432
Subtotal	2,084,786	1,115,756
Less present value discount	(27,408)	-
Total contributions receivable	2,057,378	1,115,756
Less Allowance for Uncollectible Promises	(50,000)	(110,000)
Unconditional Promises to Give, Net	$ 2,007,378	$ 1,005,756

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:

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, 2018 and 2017. 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 2018 or 2017.

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.

NOTE 4 –FAIR VALUE MEASUREMENTS (CONTINUED)

Assets at fair value as of July 31, 2018:

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 1,717,627	$ 1,717,627

Assets at fair value as of July 31, 2017:

	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 4,879,354	$ 4,879,354

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, 2018 and 2017.

	2018	2017
Balance – Beginning of Year	$ 4,879,354	$ 4,621,867
Change in Fair Value	158,491	426,799
Distributions	(3,320,218)	(169,312)
Balance – End of Year	$ 1,717,627	$ 4,879,354

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.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2018 and 2017 consisted of the:

	2018	2017
Land and Land Improvements	$ 1,827,015	$ 1,827,015
Building	13,836,724	13,836,724
Furniture, Fixtures and Equipment	2,475,444	2,074,235
Building & Leasehold Improvements	6,301,644	2,513,433
	24,248,964	20,251,407
Less: Accumulated Depreciation	(11,554,887)	(10,892,742)
Total	$ 12,885,940	$ 9,358,665

Depreciation expense for the years ended July 31, 2018 and 2017 was $537,829 and $461,542, 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, 2018 and 2017 are $259,142 and $249,276, 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. Borrowings under this line of credit were $450,000 as of July 31, 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. Any outstanding borrowings are charged with interest equal the bank's Prime Rate minus 0.6% (4.6% at July 31, 2018). The line of credit contains various financial and non-financial covenants. Outstanding borrowings under this line of credit were $185,000 at July 31, 2018.

NOTE 8 – NOTES PAYABLE

Notes payable consisted of the following as of July 31, 2018 and 2017:

	2018	2017
A. TD Banknorth, N.A.		
In April 2009, the mortgage assumed from the JCC was modified and extended until September 2017 with a balloon payment, using an interest rate based on the London Inter-Bank Offered Rate LIBOR rate plus 1.79% (2.28% as of July 31, 2017). The mortgage was secured by the land and other Federation assets. The Note was paid in full in September 2017.	$ -	$ 1,161,895
In June 2010, the existing revolving line of credit of $2,100,000 was converted into a $2,100,000 term loan. The term loan was amortized through July 2019 with a balloon payment at a variable interest rate based on the 30-day London Inter-Bank Offered Rate LIBOR rate plus 2.80% (3.29% as of July 31, 2017). The term loan was secured by substantially all of The Federation's assets. The Note was paid in full in September 2017.	-	1,658,419
B. 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 are advanced as the project is completed and the total advanced is expected to be $303,308. Prior to the final advance, interest accrues on outstanding advances at 6.25%. Once the loan is fully funded, semiannual principal and interest payments of $13,643, with interest at 6.25%, will be required 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. As of July 31, 2018, the loan has not been fully funded.	238,754	-

NOTE 8 – NOTES PAYABLE (CONTINUED)

	2018	2017
C. 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.	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.	13,708	-
D. 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.	5,969	9,359
Total Notes Payable	$ 337,813	$ 2,829,673

The aggregate annual maturities, excluding the note payable to Connecticut Green Bank because the final advance has not yet been made, of the notes payable as of July 31 are as follows:

Year	Amount
2019	$ 21,439
2020	19,978
2021	17,724
2022	17,416
2023	14,220
Thereafter	8,282
Total	$ 99,059

Interest expense, for the above notes payable, for the years ended July 31, 2018 and 2017 is $21,773 and $130,169, respectively.

NOTE 8 – NOTES PAYABLE (CONTINUED)

The Federation entered into various interest rate swap agreements on the above debt with TD Banknorth N.A., which was intended to allow The Federation to minimize the risk of future interest rate fluctuations related to this debt. As the variable interest rate on the debt decreases the interest rate liability increases. The agreements expired in May 18, 2017. The agreement on the mortgage, assumed by the JCC, has a fixed interest rate of 7.22% and The Federation's term loan uses a fixed rate of interest of 6.10%.

The fair value of the interest rate swap agreements was the estimated amount that the swap issuer would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter parties. In particular, the fair value of the interest rate swap agreements was based on an income approach calculation using Level 3 inputs. In the calculation, the swap issuer estimates the fair value of the liability based on the agreements. Management believes the calculations to be a reasonable approximation of the fair value of the liabilities under the interest rate swap agreements. The change, from one year to the next, in the liability under the interest rate swap agreements is recorded as an unrealized gain in the statement of activities.

The fair value of the interest rate swap agreements, which is measured on a recurring basis using Level 3 inputs, consists of the following for the year ended July 31, 2017:

Interest rate swap agreements, beginning	$	35,540
Unrealized gain on interest rate swaps		(35,540)
Interest rate swap agreements, ending	$	-

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 9.1%. The equipment under capital lease agreements are as follows:

	2018	2017
Equipment, at cost	$ 72,590	$ 97,498
Accumulated Amortization	(15,418)	(24,908)
Equipment, net	$ 50,109	$ 73,527

Amortization expense for equipment under capital lease agreements was $13,928 and $11,555 for the years ended July 31, 2018 and 2017, respectively, and is included in depreciation and amortization expense in the statement of activities.

Future minimum lease payments are as follows:

2019	$ 23,390
2020	13,125
Total future minimum lease payments	36,515
Less amounts representing interest	(2,413)
Present value of minimum lease payments	$ 34,102

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, 2018 and 2017.

NOTE 10 – RETIREMENT PLAN (CONTINUED)

The Federation also has a deferred compensation agreement with its former chief executive officer, Sydney Perry. For the years ended July 31, 2018 and 2017, 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 $200,806 and $150,632, as of July 31, 2018 and 2017, respectively.

NOTE 11 – RESTRICTIONS ON NET ASSETS

Net assets without donor restrictions of $13,497,754 and $10,067,905 as of July 31, 2018 and 2017, 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, 2018 and 2017, net assets without donor restrictions has been designated for specific purposes by the Federation's Board as follows:

	2018	2017
Philanthropic Fund	$ 756,129	$ 721,859
Evan Kahn Fund for Elderly Services	58,821	57,284
Evan Kahn Endowment	25,476	24,838
Fox Memorial Fund for the Benefit of the JCC	18,115	17,644
JCC Board Endowment for the Benefit of the JCC	5,409	5,071
JCC Community One Fund	-	14,066
	$ 863,950	$ 840,762

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	$ 240,831	$ 902,366	$ 15,932	$ (8,387)	$ 1,150,742

NOTE 11 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in time and purpose restricted net assets during the year ended July 31, 2017, are as follows:

	2016	Additions	Investment Returns	Distributions	2017
Stuart Harris Fund for Cultural Arts at the JCC	$ 16,071	$ -	$ 1,304	$ (670)	$ 16,705
Leo Links Fund for the Jewish Community Center	94,204	-	7,645	(3,929)	97,920
Frances Shield Fund for the JCC Healthy Women Healthy Lives Program	28,061	-	2,188	(2,285)	27,964
Frances Shield Fund for the JCC Cultural Arts Program	19,550	-	1,587	(818)	20,319
Fredrick A. & Justine Millspaugh Catlin Family the Federation Endowment Fund for the JCC	74,966	-	6,084	(3,127)	77,923
Total	$ 232,852	$ -	$ 18,808	$ (10,829)	$ 240,831

NOTE 12 – LEASES AND RENT INCOME

The Federation rents its classroom facilities on a month-to-month basis. Classroom rent income amounted to $23,798 and $35,325 for the years ended July 31, 2018 and 2017, 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, 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 $0.075 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 will require semi-annual payments of approximately $15,000. The semi-annual payments are required to be made to the Town of Woodbridge, under a benefits assessment lien. Due to delays in the construction of the SEF, the SEF is not operational and the Federation has not begun to purchase power from the SEF.

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:

Contract Year	*Energy Price ($/kWh)* *2014 Contract*
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

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

Contract Year	*Minimum System Purchase Price*
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

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:

	2018	2017
Cash paid during the year for:		
Interest	$ 40,916	$ 144,792
Non Cash Gifts received	$ 168,842	$ 178,778

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