



Federation for Jewish Philanthropy
OF UPPER FAIRFIELD COUNTY

**Federation of Jewish Philanthropy of
Upper Fairfield County, Inc.
Financial Statements
(Together with Independent Auditors' Report
and Supplemental Information)**

December 31, 2018 and 2017

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Reports)**

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position as of December 31, 2018 and 2017.....	3
Statement of Activities and Change in Net Assets for the Year Ended December 31, 2018.....	4
Statement of Activities and Change in Net Assets for the Year Ended December 31, 2017.....	5
Statement of Functional Expenses for the Year Ended December 31, 2018.....	6
Statement of Functional Expenses for the Year Ended December 31, 2017.....	7
Statements of Cash Flows for the Years Ended December 31, 2018 and 2017.....	8
Notes to Financial Statements.....	9
SUPPLEMENTARY INFORMATION	
Schedule of Allocations to Agencies.....	21

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Federation for Jewish Philanthropy of Upper Fairfield County, Inc.

We have audited the accompanying financial statements of Federation for Jewish Philanthropy of Upper Fairfield County, Inc. (a not-for-profit Federation, the "Federation"), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities and change in net assets, functional expenses, 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Federation for Jewish Philanthropy of Upper Fairfield County, Inc. as of December 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.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Federation adopted Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities.” Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the consolidated 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 or to 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.

Marks Paneth, LLP
Purchase, New York
[REDACTED]

Draft for Discussion Purposes Only

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 358,221	\$ 348,905
Pledges receivable, net	267,109	271,011
Other receivables	76,409	10,628
Prepaid expenses and other assets	988	10,874
Beneficial interest in assets held by Jewish Community Foundation, Inc., current portion	966,431	987,952
Total Current Assets	1,669,158	1,629,370
Beneficial interest in assets held by Jewish Community Foundation, Inc., noncurrent portion	1,445,561	1,754,558
Investments	443,004	485,059
Leasehold interest, net	1,885,938	1,936,230
Property and equipment, net	33,960	39,347
	\$ 5,477,621	\$ 5,844,564

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 12,918	\$ 4,132
Allocations payable	393,634	500,000
Due to other agencies	62,737	9,030
Total Current Liabilities	469,289	513,162
Total Liabilities	469,289	513,162
Net Assets		
Without donor restrictions:		
General	1,986,310	2,091,283
Board Designated	732,335	917,558
Total Without Donor Restrictions	2,718,645	3,008,841
With donor restrictions	2,289,687	2,322,561
Total Net Assets	5,008,332	5,331,402
	\$ 5,477,621	\$ 5,844,564

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>
REVENUES AND OTHER SUPPORT			
Campaign Contributions			
Total amounts raised in campaign	999,353	\$ 50,470	\$ 1,049,823
Amounts raised on behalf of others - donor designations	(57,400)	-	(57,400)
Amounts raised on behalf of others - special campaigns	(3,606)	-	(3,606)
Campaign Contributions, net	<u>938,347</u>	<u>50,470</u>	<u>988,817</u>
Contribution from Jewish Community Foundation, Inc.	96,229	-	96,229
Change in beneficial interest in assets held by Jewish Community Foundation, Inc.	(259,508)	-	(259,508)
Investment return	(10,897)	(5,374)	(16,271)
Other revenue	37,195	-	37,195
Net assets released from restrictions	77,970	(77,970)	-
	<u>(59,011)</u>	<u>(83,344)</u>	<u>(142,355)</u>
 Total Revenues and Other Support	 <u>879,336</u>	 <u>(32,874)</u>	 <u>846,462</u>
Functional Expenses			
Social service and community programs	772,035	-	772,035
Emissary	99,869	-	99,869
Total Program Services	<u>871,904</u>	<u>-</u>	<u>871,904</u>
Management and general	127,891	-	127,891
Fund development	169,737	-	169,737
Total Supporting Services	<u>297,628</u>	<u>-</u>	<u>297,628</u>
Total Functional Expenses	<u>1,169,532</u>	<u>-</u>	<u>1,169,532</u>
 <u>CHANGE IN NET ASSETS</u>	 <u>(290,196)</u>	 <u>(32,874)</u>	 <u>(323,070)</u>
Net assets - beginning of year	<u>3,008,841</u>	<u>2,322,561</u>	<u>5,331,402</u>
Net assets - end of year	<u>\$ 2,718,645</u>	<u>\$ 2,289,687</u>	<u>\$ 5,008,332</u>

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>
REVENUES AND OTHER SUPPORT			
Campaign Contributions			
Total amounts raised in campaign	\$ 1,037,260	\$ 30,007	\$ 1,067,267
Amounts raised on behalf of others - donor designations	(81,442)	-	(81,442)
Amounts raised on behalf of others - special campaigns	(18,146)	-	(18,146)
Campaign Contributions, net	<u>937,672</u>	<u>30,007</u>	<u>967,679</u>
Contribution from Jewish Community Foundation, Inc.	115,252	-	115,252
Change in beneficial interest in assets held by Jewish Community Foundation, Inc.	247,546	574	248,120
Investment return	4,082	24,750	28,832
Other revenue	19,337	-	19,337
Loss on disposal of assets	648	-	648
Net assets released from restrictions	30,007	(30,007)	-
	<u>416,872</u>	<u>(4,683)</u>	<u>412,189</u>
 Total Revenues and Other Support	 <u>1,354,544</u>	 <u>25,324</u>	 <u>1,379,868</u>
Functional Expenses			
Social service and community programs	910,667	-	910,667
Emissary	97,538	-	97,538
Total Program Services	<u>1,008,205</u>	<u>-</u>	<u>1,008,205</u>
Management and general	118,017	-	118,017
Fund development	157,848	-	157,848
Total Program Services	<u>275,865</u>	<u>-</u>	<u>275,865</u>
Total Functional Expenses	<u>1,284,070</u>	<u>-</u>	<u>1,284,070</u>
CHANGE IN NET ASSETS	70,474	25,324	95,798
Net assets - beginning of year	<u>2,938,367</u>	<u>2,297,237</u>	<u>5,235,604</u>
Net assets - end of year	<u>\$ 3,008,841</u>	<u>\$ 2,322,561</u>	<u>\$ 5,331,402</u>

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	SOCIAL SERVICE AND COMMUNITY PROGRAMS	EMISSARY	TOTAL	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL	
Salaries	\$ 221,466	\$ 37,712	\$ 259,178	\$ 63,374	\$ 71,295	\$ 134,669	\$ 393,847
Employee benefits and taxes	20,498	3,720	24,218	9,192	10,340	19,532	43,750
Total Salaries and Related Benefits	241,964	41,432	283,396	72,566	81,635	154,201	437,597
Employee travel and automobile	4,347	13,704	18,051	2,256	2,256	4,512	22,563
Office supplies and other expenses	2,095	576	2,671	3,246	3,106	6,352	9,023
Occupancy	5,191	-	5,191	2,019	4,326	6,345	11,536
Marketing and printing	3,056	-	3,056	-	3,056	3,056	6,112
Credit card processing fees	2,837	-	2,837	1,103	2,364	3,467	6,304
Insurance	4,564	10,834	15,398	1,774	3,804	5,578	20,976
Professional fees	6,991	-	6,991	2,719	5,825	8,544	15,535
Dues and subscriptions	9,172	30	9,202	1,907	-	1,907	11,109
Catering and event costs	5,135	225	5,360	-	33,924	33,924	39,284
Repairs and maintenance	2,817	-	2,817	1,095	2,347	3,442	6,259
Computer expense	4,271	-	4,271	1,661	3,560	5,221	9,492
Communication and internet service	1,469	1,716	3,185	1,239	2,654	3,893	7,078
Permits and taxes	-	1,656	1,656	100	-	100	1,756
Gifts and awards	-	498	498	-	-	-	498
Emissary fees	-	18,625	18,625	-	-	-	18,625
Stipends	-	10,000	10,000	-	-	-	10,000
Other expenses	38,968	573	39,541	-	-	-	39,541
Provision for bad debts	-	-	-	15,326	-	15,326	15,326
Educational materials	18,355	-	18,355	-	-	-	18,355
Depreciation and amortization	13,920	-	13,920	20,880	-	20,880	55,680
Total Expenses before Allocations	365,152	99,869	465,021	127,891	169,737	297,628	762,649
Total allocations to agencies	467,889	-	467,889	-	-	-	467,889
Less: amounts paid on behalf of others	(61,006)	-	(61,006)	-	-	-	(61,006)
Net allocations to agencies	406,883	-	406,883	-	-	-	406,883
Total Functional Expenses	\$ 772,035	\$ 99,869	\$ 871,904	\$ 127,891	\$ 169,737	\$ 297,628	\$ 1,169,532

See accompanying notes to financial statements.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	SOCIAL SERVICE AND COMMUNITY PROGRAMS	EMISSARY	TOTAL	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL	
Salaries	\$ 204,917	\$ 37,457	\$ 242,374	\$ 65,156	\$ 73,300	\$ 138,456	\$ 380,830
Employee benefits and taxes	28,225	3,332	31,557	374	10,392	10,766	42,323
Total Salaries and Related Benefits	233,142	40,789	273,931	65,530	83,692	149,222	423,153
Employee travel and automobile	5,009	13,213	18,222	626	626	1,252	19,474
Office supplies and other expenses	4,177	973	5,150	15,101	4,316	19,417	24,567
Occupancy	4,883	-	4,883	1,898	4,069	5,967	10,850
Marketing and printing	5,419	-	5,419	-	2,913	2,913	8,332
Credit card processing fees	2,073	-	2,073	806	1,728	2,534	4,607
Insurance	4,808	11,691	16,499	1,870	4,006	5,876	22,375
Professional fees	7,820	-	7,820	3,041	6,516	9,557	17,377
Dues and subscriptions	14,947	-	14,947	2,235	-	2,235	17,182
Catering and event costs	15,287	450	15,737	-	19,561	19,561	35,298
Repairs and maintenance	3,029	-	3,029	1,177	2,524	3,701	6,730
Computer expense	7,658	-	7,658	2,978	6,381	9,359	17,017
Communication and internet service	2,574	3,161	5,735	1,001	2,145	3,146	8,881
Permits and taxes	-	389	389	440	-	440	829
Gifts and awards	-	449	449	-	-	-	449
Emissary fees	-	16,000	16,000	-	-	-	16,000
Stipends	-	10,000	10,000	-	-	-	10,000
Other expenses	28,448	423	28,871	1,510	11	1,521	30,392
Interest expense	-	-	-	328	-	328	328
Educational materials	17,999	-	17,999	-	-	-	17,999
Depreciation and amortization	12,906	-	12,906	19,358	19,360	38,718	51,624
Total Expenses before Allocations	370,179	97,538	467,717	118,017	157,848	275,865	743,582
Total allocations to agencies	640,076	-	640,076	-	-	-	640,076
Less: amounts paid on behalf of others	(99,588)	-	(99,588)	-	-	-	(99,588)
Net allocations to agencies	540,488	-	540,488	-	-	-	540,488
Total Functional Expenses	910,667	97,538	1,008,205	118,017	157,848	275,865	1,284,070

See accompanying notes to financial statements.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (323,070)	\$ 95,798
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Provision for uncollectible accounts - current campaign	15,326	118
Depreciation and amortization	55,679	51,624
Loss on disposal of asset	-	(648)
Change in beneficial interest	330,518	(252,999)
Unrealized and realized (gain) loss on investments	29,590	(29,561)
Changes in Operating Assets and Liabilities:		
Pledges receivable	(11,424)	(64,556)
Other receivables	(65,781)	50,615
Prepaid expenses and other assets	9,886	1,172
Accounts payable and accrued expenses	8,786	(18,403)
Allocations payable	(106,366)	29,900
Agency liabilities	53,707	(26,356)
Total Adjustments	319,921	(259,094)
Net Cash Used by Operating Activities	(3,149)	(163,296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	40,094	559,354
Purchases of investments	(27,629)	(508,451)
Net Cash Provided by Investing Activities	12,465	50,903
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	9,316	(112,393)
Cash and cash equivalents - beginning of year	348,905	461,298
Cash and cash equivalents - end of year	\$ 358,221	\$ 348,905
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ -	\$ 328

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – OPERATIONS

Federation for Jewish Philanthropy of Upper Fairfield County (“Federation” or the “FJP”), is a not-for-profit Federation that conducts federated campaigning in the area that encompasses the greater Bridgeport, Easton, Fairfield, Georgetown, Monroe, Norwalk, Redding, Ridgefield, Stratford, Trumbull, Westport, Weston, and Wilton areas to support Jewish agencies and the programs in the local area and Israel.

The Federation receives donations from individuals and foundations primarily through campaigns and periodic fundraising events.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

FJP’s financial statements are prepared on the accrual basis of accounting and presented in accordance with Financial Accounting Standards Board (“FASB”) guidance. Under that guidance, the Federation is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Federation and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Federation or the passage of time, stipulations that they be maintained permanently by the Federation, and net assets from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition and Deferred Revenue

Contributions: FJP reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restrictions is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions.

Pledges Receivable: Unconditional pledges receivable are recognized as revenue in the period received and recorded as assets or decreases of liabilities or expenses, depending on the form of the benefits received as a result of the gift. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met.

Non-cash Contributions: The Federation receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers perform various administrative and fundraising functions. However, only certain amounts have been reflected in the financial statements for those services meeting the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non-financial assets or require specialized skills that would typically be purchased if not donated. In-kind contributions are measured at the fair value of the assets transferred to the Federation or the liabilities cancelled or settled.

Agency Transactions: Contributions and pledges designated by the donors to be paid to specific agencies are considered agency transactions. Such contributions and pledges raised on behalf of others are reflected in the accompanying statements of activities and change in net assets as part of total amounts raised in campaigns, but are not considered to be part of the campaign revenue of the Federation and are deducted to reflect the Federation’s campaign revenue.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Program and Other Fees: Program and other fees are recognized in the period services are performed in accordance with the terms of the contract or agreement.

Allocations to Agencies

It is the Federation's policy to make allocations to agencies in the current year from the current year campaign revenues.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair value on the date of gift, if donated, and are depreciated over their respective estimated useful lives. Assets with a cost of \$1,000 or more are capitalized as property and equipment. The Federation reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those donated assets must be maintained, the Federation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Repair and maintenance of existing facilities are charged as expenses as incurred. Depreciation is determined by use of the straight-line method over useful lives of three to five years.

Allowances for Uncollectible Accounts

Allowances for uncollectible accounts have been established and are evaluated periodically for adequacy based upon management's evaluation of past loss experience, known and inherent risks in its accounts, plus other factors which could affect collectability.

Investments

The Federation follows FASB guidance on fair value, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability, as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The Federation values all of its investments using Level 1 inputs. For common stocks, municipal bonds, and asset-backed securities, the inputs are valued at the closing price reported on the active market on which the individual securities are traded. For mutual funds, the inputs are valued at the net asset value of shares held at year end. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Federation reports investment income and gains and losses as increases or decreases in net assets without restrictions in the Statements of Activities and Change in Net Assets unless a donor or law restricts their use.

Campaign Materials

The costs of campaign materials are expensed as incurred.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort. The direct costs of special events include expenses for the benefit of the donors.

Uncertainty in Income Taxes

The Federation evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2018, the Federation does not believe that it has taken any positions that would require recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

Advertising

The Federation expenses the cost of advertising when the advertising takes place. Amounts spent were immaterial for both 2018 and 2017.

Use of 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. The Federation regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Cash Equivalents

For financial statement purposes, the Federation considers all highly liquid investments with an initial maturity of less than three months when purchased to be cash equivalents.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications were made to the presentation of the 2017 financial statements to conform to the 2018 financial statement presentation of functional expenses, including reclassification of certain expense items in functional expenses.

Recently Issued Accounting Standards

FASB Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities” was adopted for the year ended December 31, 2018. The Federation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. ASU 2016-14 provides for a number of changes including the presentation of two classes of net assets and enhanced disclosure of liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended December 31, 2018. Due to these changes, the Federation has reclassified prior periods and fully comparative financial statements are presented. Net assets as of December 31, 2017 were reclassified to conform to the new presentation. The unrestricted net asset class has been renamed net assets without donor restrictions.

The FASB has issued standards that the Federation must consider for adoption over the next three years. Those standards include the following: 1) “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”, effective for the year ended June 30, 2020; which aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determination as to whether a contribution is conditional, and 2) “Leases,” effective for the year ended June 30, 2022, which aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Federation is currently evaluating the impact of the adoption of these standards on its financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Federation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Federation has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Federation considers all expenditures related to its ongoing activities of providing funds for social service and community programs as well as services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Federation anticipates collecting sufficient revenue from its campaigns and other fundraising to cover general expenditures not covered by donor-restricted resources. As of December 31, 2018, the Federation’s financial assets were as follows:

Cash and cash equivalents	\$ 358,221
Pledges receivable, net	267,109
Beneficial interest in assets held by Jewish Community Foundation, Inc.	2,411,992
Investments	<u>443,004</u>
	<u>\$ 3,480,326</u>

**FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As of December 31, 2018, the Federation's financial assets available to meet general expenditures over the next 12 months were as follows:

Cash and cash equivalents	\$ 358,221
Pledges receivable, net	267,109
Beneficial interest in assets held by Jewish Community Foundation, Inc.	966,431
Investments	<u>443,004</u>
	<u>\$ 2,034,765</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year.

NOTE 4 - PLEDGES RECEIVABLE

The Federation raised funds for various projects and endowments. Pledges receivable represent unconditional promises to give in future periods. The Federation regularly evaluates the collectability of its pledges outstanding.

Unconditional pledges receivable due within one year at December 31, 2018 and 2017 were as follows:

	2018	2017
Pledges receivable due within one year	\$ 279,109	\$ 293,400
Less: allowance for doubtful accounts	<u>(12,000)</u>	<u>(22,389)</u>
Pledges Receivable, net	<u>\$ 267,109</u>	<u>\$ 271,011</u>

NOTE 5 - LEASEHOLD INTEREST

The leasehold interest, in the original amount of \$2,011,668, relates to a long-term lease agreement (the "Agreement") that Jewish Center for Community Services, Inc. ("JCCS"), which was acquired by The Federation in 2015, had previously entered into with the Jewish Home for the Elderly of Fairfield County, Inc. (the "JHE"), also known as Jewish Senior Services, Inc. The Agreement specifies that the JHE will lease back a portion of the property that JCCS previously sold to JHE in July 2011. Construction of the new facilities was completed in the spring of 2016, at which time the Federation proceeded to occupy its space. Additionally, the Federation, through the acquisition, holds a right to a portion of the proceeds of any sale of the facility based on its pro rata share of the leased space to the entire structure. The asset is being amortized over an estimated useful life of 40 years resulting in amortization expense of \$50,292 in each of the years ended December 31, 2018 and 2017.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 – PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Furnishings and equipment	\$ 57,687	\$ 57,687
	<u>(23,727)</u>	<u>(18,340)</u>
Less: accumulated depreciation and amortization		
Total Property and Equipment, net	\$ <u>33,960</u>	\$ <u>39,347</u>

NOTE 7 – INVESTMENTS

The following table sets forth, within Level 1 of the fair value hierarchy, the Federation's assets at fair value at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equities	\$ 254,955	\$ 99,132
Fixed income	<u>188,049</u>	<u>385,927</u>
Total Assets at Fair Value	\$ <u>443,004</u>	\$ <u>485,059</u>

Investment return, including interest earned on cash accounts, is summarized as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 17,096	\$ 4,875
Net realized and unrealized gains	(29,590)	29,561
Investment fees	<u>(3,777)</u>	<u>(5,604)</u>
Total Investment Return	\$ <u>(16,271)</u>	\$ <u>28,832</u>

Investments are managed in accordance with board-approved policies. The policies are designed to diversify the assets in the portfolio and manage them in a prudent manner, to preserve the value of the portfolio in real terms (after inflation), and to generate a reliable flow of earnings annually for support.

NOTE 8 – BENEFICIAL INTEREST IN ASSETS HELD BY JCF

As a result of the acquisition in 2015 of JCCS, the Federation acquired assets held at the Jewish Community Foundation, Inc. ("JCF") on its behalf. The Federation receives distributions from JCF annually that includes without donor restrictions and with donor restrictions funds. JCF does not have variance power on the assets they hold on behalf of the Federation. The Federation values its beneficial interest in the assets held by JCF using Level 3 inputs. The value is based on the underlying market value of the portfolio.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 – BENEFICIAL INTEREST IN ASSETS HELD BY JCF (Continued)

The following table presents a reconciliation of the Level 3 assets, by asset class:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance as of January 1, 2017	\$ 603,678	\$ 1,885,833	\$ 2,489,511
Contributions	-	574	574
Distributions to FJP	(73,723)	(2,317)	(76,040)
Net income (loss)	<u>310,403</u>	<u>18,062</u>	<u>328,465</u>
 Total Funds as of December 31, 2017	 <u>840,358</u>	 <u>1,902,152</u>	 <u>2,742,510</u>
 Contributions	 -	 -	 0
Distributions to FJP	(96,229)	-	(96,229)
Net income	<u>(221,149)</u>	<u>(13,140)</u>	<u>(234,289)</u>
 Total Funds as of December 31, 2018	 \$ <u>522,980</u>	 \$ <u>1,889,012</u>	 \$ <u>2,411,992</u>

NOTE 9 – ALLOCATIONS PAYABLE

Allocations payable represent grants approved by the board of directors for financial assistance to domestic and overseas organizations.

NOTE 9 – LOAN PAYABLE

During 2013, the Federation entered into a loan agreement (the “Loan”) with a financing company to provide financing for the purchase of an automobile. The Loan bore interest at 5.24% and was terminated in August 2017 when the automobile was traded in. The Federation incurred and paid \$- and \$328 in interest expense during the years ended December 31, 2018 and 2017, respectively.

NOTE 10 – NET ASSETS

Net assets with restrictions were as follows as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Rogoff Endowment Gift Fund	\$ 17,076	\$ 58,677
Purpose-restricted funds	134,053	125,326
Net assets to be held in perpetuity	<u>2,138,558</u>	<u>2,138,558</u>
 Total Net Assets With Donor Restrictions	 \$ <u>2,289,687</u>	 \$ <u>2,322,561</u>

These net assets were released in 2018 and 2017 for the respective years program expenditures.

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 – NET ASSETS (Continued)

Board-designated net assets without donor restrictions were as follows as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Emissary program	\$ 113,984	\$ 90,613
Donor-advised funds	<u>618,351</u>	<u>826,945</u>
 Total Unrestricted Board-designated Net Assets	 \$ <u>732,335</u>	 \$ <u>917,558</u>

Income from the Rogoff Endowment Gift Fund is available to support educational programs and projects in Israel.

Interpretation of Relevant Law

The Federation's board of directors has interpreted the State of Connecticut's Uniform Prudent Management of Institutional Funds Act ("CUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Federation classifies as with donor restrictions net assets (a) the original value of gifts donated to the with donor restrictions endowment, (b) the original value of subsequent gifts to the with donor restrictions endowment, and (c) accumulations, if any, to the with donor restrictions endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund.

In accordance with the CUPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate with donor restrictions endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Federation and the donor-restricted fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Federation, and
- 7) The investment policies of the Federation.

Investments are managed in accordance with the Federation's board-approved investment and spending policies. The primary investment objective is to preserve capital and minimize investment risk.

The endowment consists of the Rogoff Endowment Gift Fund. The income of the fund is available to support programs and projects in Israel. The board of directors has established a committee to allocate income from the fund to organizations on an annual basis. Additionally, in connection with the merger, FJP acquired with donor restrictions net assets held at FJP.

**FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017**

NOTE 10 – NET ASSETS (Continued)

Endowment Net Assets

Endowment net asset composition by net asset class as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,289,687	\$ 2,289,687
Board designated	<u>618,351</u>	<u>-</u>	<u>618,351</u>
 Total Funds	 \$ <u>618,351</u>	 \$ <u>2,289,687</u>	 \$ <u>2,908,038</u>

Endowment net asset composition by net asset class as of December 31, 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,322,561	\$ 2,322,561
Board designated	<u>826,945</u>	<u>-</u>	<u>826,945</u>
 Total Funds	 \$ <u>826,945</u>	 \$ <u>2,322,561</u>	 \$ <u>3,149,506</u>

Draft for Discussion Purposes Only

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 – NET ASSETS (Continued)

Changes in endowment net assets for the years ended December 31, 2018 and 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, year ended December 31, 2016	\$ 603,678	\$ 2,297,237	\$ 2,900,915
Investment return:			
Investment income	-	10,003	10,003
Net depreciation (realized and unrealized), net of fees	<u>-</u>	<u>14,747</u>	<u>14,747</u>
 Total Investment Return	 -	 24,750	 24,750
Amount available for appropriations	338,519	(338,519)	-
Appropriation of endowment assets for expenditure	(115,252)	-	(115,252)
Other changes:			
Transfers to create endowment funds and changes in beneficial interest in assets held by JCF, Inc.	<u>-</u>	<u>339,093</u>	<u>339,093</u>
Endowment net assets, year ended December 31, 2017	\$ <u>826,945</u>	\$ <u>2,322,561</u>	\$ <u>3,149,506</u>
Investment return:			
Investment income	-	14,676	14,676
Net appreciation (realized and unrealized), net of fees	<u>-</u>	<u>(28,777)</u>	<u>(28,777)</u>
 Total Investment Return	 -	 (14,101)	 (14,101)
Appropriation of endowment assets for expenditure	(96,229)	(27,500)	(123,729)
Other changes			
Transfers to create endowment funds and changes in beneficial interest in assets held by JCF, Inc.	<u>(112,365)</u>	<u>8,727</u>	<u>(103,638)</u>
Endowment net assets, year ended December 31, 2018	\$ <u>618,351</u>	\$ <u>2,289,687</u>	\$ <u>2,908,038</u>

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 11 – RETIREMENT PLAN

The Federation maintains a 403(b) Plan (the “Plan”) to provide retirement benefits for all full-time employees. Employees may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. During the years ended December 31, 2018 and 2017, the Federation made no contributions to the Plan.

NOTE 12 – COMMITMENTS

The Federation has several operating lease agreements for office equipment and vehicles. The rental expenses related to those leases were \$16,727 and \$12,959 for the years ended December 31, 2018 and 2017, respectively.

The minimum payment requirements under all operating lease agreements for the years subsequent to December 31, 2018 are:

2019	12,057
2020	7,603

NOTE 13 – CONCENTRATION OF CREDIT RISK

The Federation maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”). At times during the year, cash and cash equivalent and investment balances may be in excess of FDIC coverage. At December 31, 2018, the Federation’s uninsured cash and cash equivalents balance totaled \$261,251.

NOTE 14 – INCOME TAXES

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions made to the Federation are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

NOTE 15 – SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through [REDACTED], the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Draft for Discussion Purposes Only

FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.
SCHEDULE OF ALLOCATIONS TO AGENCIES
YEAR ENDED DECEMBER 31, 2018

ALLOCATIONS AWARDED

American Jewish Joint Distribution Committee	\$ 65,000
Anti-Defamation League	12,600
BBYO Ct Valley Region	6,000
Bi-Cultural Hebrew Academy	16,600
Birthright Israel Foundation	4,000
Carl and Dorothy Bennett Center for Judaic Studies	500
Carmel Academy	6,550
Circle of Friends (Beth El Synagogue)	2,184
Emunah Sarah Herzog Children's Center	14,000
Ezra Academy	5,500
Friendship Circle of Fairfield County	1,000
Hillel: at UCONN	6,000
Holocaust Child Survivors of CT	3,500
JCC of New Haven Bussing	1,900
Jewish Broadcasting Service	3,000
Jewish Federations of North America	41,843
Jewish Senior Services	20,000
Kesher Project (Congregation B'nai Israel)	4,200
Life Bridge Community Services	6,000
Merkaz Community High School of Judaic Studies	40,000
Positive Directions	5,000
Project Kesher	5,000
Shoke Jewish Family Service	90,000
Shoke Jewish Family Service-Camp Scholarship	9,957
Southern CT Hebrew Academy	3,300
Alfula-Gilboa Giving Circle	5,000
JDC Challenge Grant w/BBYO	5,000
Merkaz Grant to Expand Student Population	5,000
Project Kesher	5,000
Total Allocations Awarded	393,634

OTHER

Rogoff awards	21,500
congregation partnerships	4,975
Prior year cancelled awards	(13,226)
Total Other	13,249

ALLOCATIONS PAID ON BEHALF OF OTHERS

Emunah Children's Center	20,835
Jewish Joint Distribution Committee	5,000
Chabad of Fairfield	7,000
Schoolboy	5,000
Jewish Senior Services	5,000
Jewish Broadcasting Service	3,000
Pittsburgh Victims Fund	2,310
Hanhagat Zafon Scouts	1,813
Global Giving	1,768
Miscellaneous	9,280
Total Allocations Paid on Behalf of Others	61,006

TOTAL ALLOCATIONS TO AGENCIES

\$ 467,889

See accompanying notes to financial statements.