

**FEDERATION FOR JEWISH PHILANTHROPY OF  
UPPER FAIRFIELD COUNTY, INC.**



FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**FEDERATION FOR JEWISH PHILANTHROPY OF  
UPPER FAIRFIELD COUNTY, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**TABLE OF CONTENTS**

Independent Auditor’s Report.....	3 – 4
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9 - 24
<b>Supplementary Information</b>	
Schedule of Allocations to Agencies	26

# **Bregman & Company, P.C.**

*certified public accountants*

350 Bedford Street, Stamford, Connecticut 06901

(203) 325-4155 Fax (866) 530-2434 EMAIL [info@bregman-cpa.com](mailto:info@bregman-cpa.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

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 nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses, and cash flows for the year 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 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, 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.

### **Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies on page 26, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Bregman & Company P.C." with a stylized flourish at the end.

*Certified Public Accountants*  
Stamford, CT  
October 21, 2020

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFIELD COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

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**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 402,397
Pledges receivable, net	212,980
Other receivables	12,975
Prepaid expenses and other assets	2,878
Beneficial interest in assets held by Jewish Community Foundation, Inc., current portion	1,197,117
Total Current Assets	1,828,347
Pledge receivable, non-current portion, net	136,113
Beneficial interest in assets held by Jewish Community Foundation, Inc., noncurrent portion	1,754,558
Investments	496,929
Leasehold interest, net	1,835,646
Property and equipment, net	28,737
<b>Total Assets</b>	<b>\$ 6,080,330</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Accounts payable and accrued expenses	\$ 19,098
Allocations payable	475,000
Due to other agencies	10,000
Total Current Liabilities	504,098
Total Liabilities	504,098
<b>Net Assets:</b>	
Without donor restrictions:	
General	1,822,092
Board designated- emissary program	114,039
Board designated endowment	1,036,961
Total without donor restrictions	2,973,092
With donor restrictions	2,603,140
Total Net Assets	5,576,232
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,080,330</b>

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFIELD COUNTY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Other Support</b>			
Campaign contributions			
Total amounts raised in campaign	\$ 1,015,715	\$ 289,295	\$ 1,305,010
Amounts raised on behalf of others - donor designations	(89,863)	-	(89,863)
Campaign contributions, net	<u>925,852</u>	<u>289,295</u>	<u>1,215,147</u>
Change in beneficial interest in assets held by			
Jewish Community Foundation, Inc.	511,129	28,554	539,683
Investment return	8,061	48,060	56,121
Other revenue	51,419	-	51,419
Net assets released from restrictions	<u>52,456</u>	<u>(52,456)</u>	<u>-</u>
	<u>623,065</u>	<u>24,158</u>	<u>647,223</u>
<b>Total Revenue and Other Support</b>	<u>1,548,917</u>	<u>313,453</u>	<u>1,862,370</u>
<b>Functional Expenses:</b>			
Social service and community programs	875,306	-	875,306
Emissary	123,760	-	123,760
Kaleidoscope	14,069	-	14,069
Total Program Services	<u>1,013,135</u>	<u>-</u>	<u>1,013,135</u>
Management and general	119,774	-	119,774
Fund development	161,561	-	161,561
Total Supporting Services	<u>281,335</u>	<u>-</u>	<u>281,335</u>
<b>Total Functional Expenses</b>	<u>1,294,470</u>	<u>-</u>	<u>1,294,470</u>
<b>Change in Net Assets</b>	254,447	313,453	567,900
<b>Net assets, Beginning of Year</b>	<u>2,718,645</u>	<u>2,289,687</u>	<u>5,008,332</u>
<b>Net assets, End of Year</b>	<u>\$ 2,973,092</u>	<u>\$ 2,603,140</u>	<u>\$ 5,576,232</u>

**FEDERATION FOR JEWISH PHILANTHROPY OF UPPER FAIRFIELD COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	PROGRAM SERVICES				SUPPORTING ACTIVITIES				Total Functional Expenses
	Social Service and Community Programs	Emissary	Kaleidoscope	Total	Management and General	Fund Development	Total		
<b>Functional Expenses</b>									
Salaries	\$ 227,832	\$ 37,712	\$ -	\$ 265,544	\$ 63,823	\$ 71,801	\$ 135,624	\$ 401,168	
Employee benefits and taxes	21,740	3,720	-	25,460	9,772	10,993	20,765	46,225	
Total Salaries and Related Benefits	<u>249,572</u>	<u>41,432</u>	<u>-</u>	<u>291,004</u>	<u>73,595</u>	<u>82,794</u>	<u>156,389</u>	<u>447,393</u>	
Employee travel and automobile	4,069	14,649	-	18,718	2,340	2,340	4,680	23,398	
Office supplies and other expenses	2,555	598	3,826	6,979	2,683	3,944	6,627	13,606	
Occupancy	5,141	-	-	5,141	2,000	4,285	6,285	11,426	
Marketing and printing	3,376	-	10,243	13,619	-	3,376	3,376	16,995	
Credit card processing fees	2,861	-	-	2,861	1,112	2,384	3,496	6,357	
Insurance	4,536	11,129	-	15,665	1,766	3,782	5,548	21,213	
Professional fees	13,059	-	-	13,059	5,080	10,885	15,965	29,024	
Dues and subscriptions	12,500	23,648	-	36,148	142	-	142	36,290	
Catering and event costs	3,915	468	-	4,383	-	17,213	17,213	21,596	
Repairs and maintenance	4,751	-	-	4,751	1,848	3,959	5,807	10,558	
Computer expense	3,750	-	-	3,750	1,458	3,125	4,583	8,333	
Communication and internet service	1,606	1,514	-	3,120	1,214	2,603	3,817	6,937	
Permits and taxes	-	3,068	-	3,068	425	-	425	3,493	
Gifts and awards	-	215	-	215	-	53	53	268	
Emissary fees	-	16,613	-	16,613	-	-	-	16,613	
Stipends	-	10,000	-	10,000	-	-	-	10,000	
Other expenses	26,024	426	-	26,450	5,293	-	5,293	31,743	
Bad debts	9,811	-	-	9,811	-	-	-	9,811	
Educational materials	25,487	-	-	25,487	-	-	-	25,487	
Depreciation and amortization	13,879	-	-	13,879	20,818	20,818	41,636	55,515	
<b>Total Expenses before Allocations</b>	<u>386,892</u>	<u>123,760</u>	<u>14,069</u>	<u>524,721</u>	<u>119,774</u>	<u>161,561</u>	<u>281,335</u>	<u>806,056</u>	
Total allocation to agencies	578,277	-	-	578,277	-	-	-	578,277	
Less: amounts paid on behalf of others	(89,863)	-	-	(89,863)	-	-	-	(89,863)	
Net allocations to agencies	<u>488,414</u>	<u>-</u>	<u>-</u>	<u>488,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,414</u>	
Total Functional Expenses	<u>\$ 875,306</u>	<u>\$ 123,760</u>	<u>\$ 14,069</u>	<u>\$ 1,013,135</u>	<u>\$ 119,774</u>	<u>\$ 161,561</u>	<u>\$ 281,335</u>	<u>\$ 1,294,470</u>	

*The accompanying notes are an integral part of these financial statements.*

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFIELD COUNTY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 567,900
Adjustments to reconcile in net assets to to net cash provided by operating activities:	
Provision for uncollectible accounts - current campaign	9,811
Depreciation and amortization	55,515
Unamortized discount on campaign receivable	13,970
Changes in beneficial interest	(539,683)
Unrealized and realized (gain) on investments	(42,218)
Changed in Operating Assets and Liabilities:	
Pledges receivable	(105,765)
Other receivable	63,434
Prepaid expenses and other assets	(1,890)
Accounts payable and accrued expenses	6,180
Allocations payable	81,366
Agency liabilities	(52,737)
Total Adjustments	<u>(512,017)</u>
Net Cash Provided by Operating Activities	<u>55,883</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of investments	21,235
Purchases of investments	<u>(32,941)</u>
Net Cash (Used) in Investing Activities	<u>(11,706)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	44,177
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>358,220</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 402,397</u>



**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1      OPERATIONS**

ORGANIZATION ACTIVITY

Federation for Jewish Philanthropy of Upper Fairfield County, Inc. (“Federation” or “FJP”), is a nonprofit organization 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.

PROGRAM ACTIVITIES

The primary program services of the Federation are as follows:

- Social Service and Community programs –
  - Books2connect and Book Buddies – provides new and gently used books to inner city students and provide local volunteers to tutor those students with reading.
  - PJ Library – provides Jewish-content books to Jewish families with young children.
  - Various community-wide programs covering current events, lectures, book talks, films, and concerts.
- Young Israeli Emissary program (“Emissary”) – brings post-high school Israeli youth to the community for ten months per year to teach and share Israeli culture, history, and current events with community members of all ages, from young children to senior adults.
- Fundraising Campaign – An annual fundraising campaign and allocations process to support organizations serving both the Jewish and broader communities in Upper Fairfield County and throughout the world (including Israel, former Soviet Union, Eastern Europe, South America, and beyond).
- Kaleidoscope – A magazine printed by the Federation. Beginning in 2019, the Federation began publication of the magazine in-house.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2**     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Federation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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 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. Accordingly, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

The financial statements are presented in accordance with the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Section 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the Organization is required to report net assets and changes therein as follows:

- Net Assets Without Donor Restrictions – Net assets without donor restrictions represents net assets not subject to donor-imposed restrictions. These resources may be expended at the discretion of the Board of Directors, including board designated funds functioning as endowment.
- Net Assets With Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. The restrictions may include, net assets maintained permanently by the Federation, or net assets from endowments not yet appropriated for spending.

When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "net assets released from restrictions".

CASH AND CASH EQUIVALENTS

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

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2**      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PLEDGE RECEIVABLES

Unconditional pledge receivables are measured at fair value and are recognized as revenue in the period received and recorded as assets, decreases in liabilities, or expenses, depending on the form of the benefits received as a result of the gift. Conditional pledge receivables are recognized when the conditions on which they depend are substantially met. Pledge receivables that are expected to be collected in more than one year are recorded as a non-current asset on the Statement of Financial Position and are amortized to present value.

Pledge receivables are stated at the amount management expects to collect from outstanding balances. The estimate is based on historical collection experience, a review of the status of the receivables, and judgement. Management provides for probable uncollectible amounts through an allowance based on its assessment of the status of individual receivables. As of December 31, 2019, Management has taken an allowance for uncollectible pledge receivables of \$12,000.

INVESTMENTS

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses include the Federation's gains and losses on investments held during the year. Investment income/loss are recorded as increases or decreases in net assets without donor restrictions in the statement of activities and changes in net assets unless a donor or law restricts their use.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, if purchased or at estimated fair value on the date of gift, if donated. Assets with a cost of \$2,500 or more and a useful life of three years 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 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 using the straight-line method over the estimated useful lives of the assets, generally three to five years.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2**     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOCATIONS TO AGENCIES

The Federation makes allocations to agencies in the current year from the current year campaign revenues.

CONTRIBUTIONS

The Federation 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 restrictions expires, that is when a stipulated time restriction ends or purpose restrictions is accomplished, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as assets released from restrictions. Contributions with donor restrictions that are received and expended within the same fiscal year are reported as contributions without donor restrictions.

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 statement of activities 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.

PROGRAM AND OTHER FEES

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

CONTRIBUTED SERVICES

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.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2**      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Federation is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Federation is classified by the Internal Revenue Service as a public charity. Contributions made to the Federation are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Federation and recognize a tax liability if the Federation has taken an uncertain position that more likely than not will not be sustained upon examination by the Internal Revenue Service. Management has analyzed tax positions taken by the Federation, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Federation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Federation's informational tax filings are generally subject to examination by the Internal Revenue Service ("IRS") and relevant state agencies for three years from the later of the due date of the return or the date the return is actually filed. Currently, the Federation's tax filings for the years ended December 31, 2019, 2018, 2017, and 2016 are subject to examination.

ADVERTISING COSTS

The Federation expenses the cost of advertising when the advertising takes place. Advertising costs for the year ended December 31, 2019 were \$16,995.

CAMPAIGN MATERIALS

The costs of campaign materials are expensed as incurred.

ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Federation. Accordingly, these expenses have been allocated among the programs and supporting activities benefited based on an estimate of time and effort. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of the Federation.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2**      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”) to increase transparency and comparability among organizations by recognizing its right to use the underlying asset for the lease term (lease assets) and the liability to make lease payments (lease liabilities) on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous guidance and ASU 2016-02 is the recognition of the assets and liabilities arising from those leases classified as operating leases under the previous lease guidance. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class or underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize the lease expense for such leases generally on a straight-line basis over the lease term. ASU 2016-02 does not change the differentiation between finance leases and operating leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and permits early application. The effective date for ASU 2016-02 has been delayed until December 15, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* (“ASU 2018-08”), which aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For non-profit organizations that receive contributions, ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. For non-profit organizations that make contributions, ASU 2018-08 is effective for fiscal years beginning after December 15, 2019.

The Federation adopted the provisions of ASU 2018-08 on contributions received during the year ended December 31, 2019. There is no effect on the financial statements as of December 31, 2019 and for the year then ended as a result of adopting the accounting principle.

**NOTE 3**      CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at December 31, 2019:

	<u>2019</u>
Cash in deposit accounts	\$ 402,397
Total cash & cash equivalents	<u>\$ 402,397</u>

**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 outstanding pledges.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4**     PLEDGES RECEIVABLE (CONTINUED)

In 2019, the Federation launched the “Gesher Campaign”, a five-year campaign to raise funds for the Emissary program. The goal is to raise \$500,000. As of December 31, 2019, the Federation recognized \$313,102 of Gesher Campaign income, of which \$252,460 was still outstanding. The unconditional promises to give that are expected to be collected in more than one year are measured at fair value using the present value technique at a 4.75% effective interest rate.

The following table sets forth the annual and Gesher campaign receivable at fair value as of December 31, 2019.

	<u>Receivable less than one year</u>	<u>Receivable one to five years</u>
Annual campaign pledge receivable	\$ 145,040	\$ -
Gesher campaign pledge at face value	79,940	172,520
	<u>224,980</u>	<u>172,520</u>
Less: allowance for doubtful accounts	(12,000)	(-)
Less: unamortized discount	(-)	(36,407)
Pledge receivable, net	<u>\$ 212,980</u>	<u>\$ 136,113</u>

**NOTE 5**     BENEFICIAL INTEREST IN ASSETS HELD

As a result of the acquisition in 2015 of Jewish Center for Community Services, Inc. (“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 funds without donor restrictions and those with donor restriction funds. JCF does not have variance power on the assets they hold on behalf of the Federation. The value is based on the underlying market value of the portfolio.

The following table presents the assets held by JCF, by asset class:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at December 31, 2018	\$ 522,980	\$ 1,889,012	\$ 2,411,992
Contributions	2,800	-	2,800
Donor-advise distributions	(12,010)	(2,456)	(14,466)
Net Income	<u>523,196</u>	<u>28,153</u>	<u>551,349</u>
Beneficial Interest in Assets at December 31, 2019	<u>\$ 1,036,966</u>	<u>\$ 1,914,709</u>	<u>\$ 2,951,675</u>

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6**     LEASEHOLD INTEREST

The leasehold interest, in the original amount of \$2,011,668 relates to a long-term lease agreement (“the Agreement”) that JCCS had entered into with the Jewish Home for the Elderly of Fairfield County, Inc., also known as Jewish Senior Services, Inc., (the “JHE”), prior to the acquisition by the Federation in 2015 (Note 5). 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 expenses of \$50,292 for the year ended December 31, 2019.

**NOTE 7**     FAIR VALUE MEASUREMENTS

The Federation measures investments at fair value in accordance with FASB ASC Section 820, *Fair Value Measurements and Disclosures*. FASB ASC Section 820 defines fair value 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. FASB ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Federation. Unobservable inputs are inputs that reflect the Federation’s assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

The fair values of all investments held are determined using unadjusted quoted prices (Level 1 inputs).

The following is a description of the valuation methodologies used for financial instruments measured at fair value:



**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7**     FAIR VALUE MEASUREMENTS (CONTINUED)

Exchange trade funds- valued at the closing price reported in the active market in which the securities are traded.

Mutual funds- valued at the net asset value of shares held at year-end.

The following table sets forth, by level within the fair value hierarchy, the investments at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds				
Fixed income	\$ 196,957	\$ -	\$ -	\$ 196,957
Mutual Fund	<u>299,972</u>	<u>-</u>	<u>-</u>	<u>299,972</u>
Total Investments, at December 31,, 2019	<u>\$ 496,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,929</u>

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

	<u>2019</u>
Interest and dividend income	\$ 17,612
Net realized and unrealized gain (loss)	42,218
Investment fees	<u>(3,709)</u>
Total Investment Return	<u>\$ 56,121</u>

**NOTE 8**     PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019:

	<u>2019</u>
Furnishings and equipment	\$ 57,687
Less: accumulated depreciation	<u>(28,950)</u>
Property & equipment, net	<u>\$ 28,737</u>

Depreciation expense for the year ended December 31, 2019 was \$5,223.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9**     RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions as of December 31, 2019 consist of amounts restricted for the following purposes or periods:

	<b>2019</b>
<b>Subject to expenditure for specified purpose:</b>	
Rogoff endowment gift fund	\$ 15,136
Purpose-restricted funds	160,151
Net assets to be held in perpetuity	2,138,558
 <b>Subject to time restrictions:</b>	
Gesher campaign	276,695
Campaign gift for 2020	1,000
Sponsorship	11,600
Total Net Assets With Donor Restrictions	\$ 2,603,140

For the year ended December 31, 2019, net assets were released from restrictions by incurring expenses satisfying the purpose specified by the donors or the passage of time as follows:

	<b>2019</b>
<b>Purpose Restriction Accomplished:</b>	
Rogoff endowment gift fund	\$ 50,000
Donor-advised distributions	2,456
Net Assets Released from Restrictions	\$ 52,456

**NOTE 10**     LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Federation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Amounts not available include support revenue received with donor restrictions and receivables from donors scheduled to be collected in more than one year.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10**     LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	<b>2019</b>
Cash and cash equivalents	\$ 402,397
Pledges receivable, net	212,980
Other receivables	12,975
Investments	496,929
Beneficial interest in assets held by Jewish Community Foundation, Inc.	2,951,675
Financial assets, at year-end	4,076,956
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(2,603,140)
Board designated net assets	(1,151,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 322,816

As part of the Federation’s liquidity management, it holds cash in excess of daily requirements in a checking account (Note 3) and invests in marketable equity securities. A portion of the Federations funds are invested in pool accounts managed by the Jewish Community Foundation. For purposes of analyzing resources available to meet general expenditures within one year, 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 within one year, the Federation anticipates collecting sufficient revenue from its campaigns and other fundraising efforts to cover general expenditures not covered by donor-restricted resources.

As part of the Federation’s liquidity management, the Federation has a board designated endowment of \$1,036,961. Although the Federation does not intend to spend from its board designated endowment or accumulated gains and income from donor-restricted endowment assets, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from these sources could be made available if necessary.

**NOTE 11**     ENDOWMENT

The Federation’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11**     ENDOWMENT (CONTINUED)

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Federation has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) 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 investments held in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as investment in perpetuity is classified as accumulated gains and income on donor-restricted endowment until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Funds with Deficiencies

From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Federation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2019, donor-restricted endowments were deficient by \$192,488 as follows:

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11**     ENDOWMENT (CONTINUED)

Funds with Deficiencies (continued)

	<u>2019</u>
Fair value of original endowment gift	\$ 1,074,027
Fair value of the underwater endowment gift	<u>(881,539)</u>
Deficiencies of underwater endowment funds	\$ 192,488

Return Objectives and Risk Parameters

The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted assets that the Federation must hold in perpetuity as well as board-designated funds.

Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to meet the Federation's primary objective of preservation of capital and secondary objectives of long-term capital appreciation and minimizing investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Federation's spending policy limits spending to no more than 3% of the average balance over the last three years. This is consistent with the Federation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. The Board of Directors has established a committee to allocate income from the fund to organizations on an annual basis.

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

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11**     ENDOWMENT (CONTINUED)

Endowment Net Assets

The Board of Directors has designated \$1,036,961 of net assets without donor restrictions for long-term investments as of December 31, 2019. Donor-restricted endowments of \$2,313,845 consists of the Rogoff Endowment Gift Fund and assets acquired with donor restrictions from JCCS in connection with the merger.

Changes in endowment net assets for the year December 31, 2019 were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, January 1, 2019	\$ 618,351	\$ 2,289,687	\$ 2,908,038
Investment return:			
Investment income	-	15,003	15,003
Net appreciation on investments (realized and unrealized)	-	36,242	36,242
Total investment return	-	51,245	51,245
Investment expenses	-	(3,184)	(3,184)
Expenditure of endowment assets	(62,010)	(52,456)	(114,466)
Other changes	2,800	400	3,200
Earnings in beneficial interest for assets held at JCF	523,196	28,153	551,349
Endowment Net Assets, December 31, 2019	<u>\$ 1,036,961</u>	<u>\$ 2,313,845</u>	<u>\$ 3,350,806</u>

**NOTE 12**     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 allowed by the Internal Revenue Code. During the year ended December 31, 2019, the Federation made no contributions to the Plan.

During 2019, the board approved a resolution to dissolve a 403B tax deferred annuity plan that was created for the former executive director of one of the pre-merger legacy organizations.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13**     COMMITMENTS

The Federation has several operating lease agreements for office equipment and vehicles. The rental expenses related to those leases were \$16,215 for the year ended December 31, 2019.

The minimum payment requirements under all operating lease agreements for the next five years are as follows:

For the years ended December 31,

2020	\$	9,562
2021		<u>1,857</u>
	\$	<u>11,419</u>

The Federation holds a long-term lease agreement with JHE (Note 6) for the portion of space occupied in the existing property. The term of the lease is for ninety-nine (99) years. The base rent is \$1 per year, plus the tenant's share of real estate tax and costs of operations of 1.47%. Total occupancy and telephone costs paid to JHE during the year ended December 31, 2019 were \$13,370.

**NOTE 14**     CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

The Federation maintains its cash balances in bank accounts at several financial institutions. These balances, at times, may exceed the federally insured limits established by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2019, the Federation's uninsured cash balance totaled \$316,920. The Federation has not incurred losses related to these deposits and management does not believe the Federation's deposits are exposed to any significant credit risk.

Investments

The Federation's investments in exchange traded funds and mutual funds are subject to fluctuations due to general market conditions and interest rates.

**NOTE 15**     RELATED PARTY

The Federation shares its employees and resources with the JCF. In return, JCF pays \$10,000 annually to the Federation for its services. This amount is included in other revenue on the statement of activities and changes in net assets.

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFILED COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 16**     SUBSEQUENT EVENTS

MANAGEMENT REVIEW

In accordance with FASB ASC Section 855-10, *Subsequent Events*, management has evaluated subsequent events through October 21, 2020 which is the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets, and the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law. The CARES Act includes a small business loan program under which the Small Business Administration (“SBA”) and its network of lending financial institutions may provide 100% federally-backed loans up to an aggregate amount of \$659 billion to eligible businesses to assist with payroll and certain operating costs (“Payroll Protection Program”). PPP Loans are forgivable if: 1) the loan proceeds are used to cover payroll costs, and most interest, rent, and utility costs over either an 8-week period or 24-week period beginning on the PPP loan disbursement date; and 2) Employee and compensation levels are within the established limits. The PPP loans will mature in two to five years as stated in the promissory agreement, if not forgiven. The Federation received a PPP loan for \$71,000.



**FEDERATION FOR JEWISH PHILANTHROPY OF  
UPPER FAIRFIELD COUNTY, INC.**

**SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2019**

**FEDERATION FOR JEWISH PHILANTHROPY  
OF UPPER FAIRFIELD COUNTY, INC.  
SCHEDULE OF ALLOCATIONS TO AGENCIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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<b>Allocations Awarded</b>	
American Jewish Joint Distribution Committee	\$ 66,862
Anti-Defamation League	11,848
BBYO CT Valley Region	6,000
Bi-Cultural Hebrew Academy	15,250
Birthright Israel Foundation	2,500
Carl and Dorothy Bennett Center for Judaic Studies	1,000
Circle of Friends (Beth El Synagogue)	2,000
Ezra Academy	5,000
Friendship Circle of Fairfield County	1,000
Hillel: at UCONN	6,000
Holocaust Child Survivors of CT	4,500
JCC of New Haven Bussing	1,200
Jewish Broadcasting Service	3,000
Jewish Federations of North America	41,843
Jewish Senior Services	20,000
Keshet Project (Congregation B'nai Israel)	4,373
Life Bridge Community Services	5,000
Merkaz Community High School of Judaic Studies	45,000
Positive Directions	6,000
Project Keshet	5,000
Shoke Jewish Family Service	86,750
Shoke Jewish Family Service-Camp Scholarship	10,000
Southern CT Hebrew Academy	3,500
Youth & Teens- Miscellaneous	124
Total Allocations Awarded	353,750
 <b>Other</b>	
Rogoff awards	62,665
Congregation partnerships	10,499
New grants/Covid-19 relief	71,250
Prior year cancelled awards	(10,000)
Young leadership award	250
Total Other	134,664
 <b>Allocations Paid on Behalf of Others</b>	
Chabad of Fairfield	1,500
Chabad of Hyde Park	1,800
Congregation of Beth El Norwalk	3,327
Emanah Children's Center	5,400
Hillel University of Chicago	1,800
Jewish Broadcasting Service	4,000
Jewish Joint Distribution Committee	10,000
Jewish Senior Services	1,500
Jewish Family Services- Schoke	4,000
Westchester Hebrew High School	10,000
Yavneh Hyde Park	1,800
Yeshiva of Waterbury	30,800
Miscellaneous	13,936
Total Allocations paid on Behalf of Others	89,863
 Total Allocations to Agencies	 \$ 578,277