

THE JEWISH FOUNDATION OF  
GREATER NEW HAVEN, INC.

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018 AND 2017

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees of  
The Jewish Foundation of Greater New Haven, Inc.  
360 Amity Road  
Woodbridge, CT 06525

We have audited the accompanying financial statements of The Jewish Foundation of Greater New Haven, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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.

### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Foundation of Greater New Haven, 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.

A handwritten signature in black ink that reads "Teplitzky & Company, P.C." in a cursive script.

Woodbridge, Connecticut

August 28, 2019

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	ASSETS	
	2018	2017
Assets		
Cash and Cash Equivalents	\$ 52,009	\$ 99,227
Unconditional Promises to Give, Net of Allowances for Unfulfilled Promises of \$10,000	28,304	52,949
Grant and Other Receivables	-	15,821
Note Receivable	1,306,493	1,306,493
Prepaid Expenses	17,658	10,567
Cash Surrender Value of Life Insurance	180,777	171,283
Investments	48,511,854	50,905,477
Property and Equipment, Net	8,739	10,476
	<u>50,105,834</u>	<u>52,572,293</u>
Total Assets	<u>\$ 50,105,834</u>	<u>\$ 52,572,293</u>

	LIABILITIES AND NET ASSETS	
	2018	2017
Liabilities		
Accounts Payable	\$ 4,483	\$ 12,371
Accrued Liabilities and Allocations	67,190	93,547
Deferred Revenue	-	4,355
Liabilities Under Split Interest Agreements	579,313	671,853
Custodial Accounts	10,761,185	11,232,466
	<u>11,412,171</u>	<u>12,014,592</u>
Total Liabilities	<u>11,412,171</u>	<u>12,014,592</u>
Net Assets		
Without Donor Restrictions		
Undesignated	4,167,302	4,364,759
Board Designated	176,811	120,496
	<u>4,344,113</u>	<u>4,485,255</u>
Total Without Donor Restrictions	<u>4,344,113</u>	<u>4,485,255</u>
With Donor Restrictions	<u>34,349,550</u>	<u>36,072,446</u>
	<u>38,693,663</u>	<u>40,557,701</u>
Total Net Assets	<u>38,693,663</u>	<u>40,557,701</u>
Total Liabilities and Net Assets	<u>\$ 50,105,834</u>	<u>\$ 52,572,293</u>

See accompanying notes to the financial statements  
Exhibit: A - Page 3

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenue and Support				
Contributions	\$ 43,566	\$ 1,864,980	\$ 103,744	\$ 1,888,224
Investment Return, Net	415,291	(1,346,624)	781,694	4,656,789
Other Grants and Contributions	10,000	-	9,771	-
Present Value Adjustments to Split-Interest Agreements	(57,751)	(34,789)	(9,729)	(96,094)
Net Assets Released from Restrictions	2,206,463	(2,206,463)	3,764,112	(3,764,112)
Total Revenue and Support	2,617,569	(1,722,896)	4,649,592	2,684,807
Expenses				
Program Services	2,279,781	-	2,678,582	-
Fundraising	82,022	-	116,175	-
Management & General	396,908	-	395,367	-
Total Expenses	2,758,711	-	3,190,124	-
Change in Net Assets	(141,142)	(1,722,896)	1,459,468	2,684,807
Net Assets - Beginning of Year	4,485,255	36,072,446	3,025,787	33,387,639
Net Assets - End of Year	\$ 4,344,113	\$ 34,349,550	\$ 4,485,255	\$ 36,072,446
		\$ 38,693,663		\$ 40,557,701

See accompanying notes to the financial statements  
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THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Activities			Total Expenses
	Grants & Charitable Distributions	Foundation Programs	Total Program Expenses	Fundraising	Management & General	Total Supporting Expenses	
Programs, Allocations and Expenses							
Grants from Donor Advised Funds	\$ 1,120,420	\$ -	\$ 1,120,420	\$ -	\$ -	\$ -	\$ 1,120,420
Charitable Distributions from							
Donor Restricted Funds	979,912	-	979,912	-	-	-	979,912
Other Fund Distributions	81,855	-	81,855	-	-	-	81,855
Grants from Unrestricted Funds	20,933	-	20,933	-	-	-	20,933
Charitable Distributions from							
Charitable Lead Trusts	1,329	-	1,329	-	-	-	1,329
Wages Taxes & Fringes	-	8,467	8,467	77,138	292,413	369,551	378,018
Marketing	-	3,401	3,401	1,292	38,620	39,912	43,313
Program Expenses	-	63,464	63,464	-	-	-	63,464
Utilities	-	-	-	3,592	4,527	8,119	8,119
Bank and Payroll Fees	-	-	-	-	2,845	2,845	2,845
Depreciation	-	-	-	-	1,736	1,736	1,736
Administrative Fees	-	-	-	-	41,030	41,030	41,030
Professional Fees	-	-	-	-	15,737	15,737	15,737
	\$ 2,204,449	\$ 75,332	\$ 2,279,781	\$ 82,022	\$ 396,908	\$ 478,930	\$ 2,758,711

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services			Supporting Activities			Total Expenses
	Grants & Charitable Distributions	Foundation Programs	Total Program Expenses	Fundraising	Management & General	Total Supporting Expenses	
Programs, Allocations and Expenses							
Grants from Donor Advised Funds	\$ 1,372,206	\$ -	\$ 1,372,206	\$ -	\$ -	\$ -	\$ 1,372,206
Charitable Distributions from							
Donor Restricted Funds	952,423	-	952,423	-	-	-	952,423
Other Fund Distributions	112,056	-	112,056	-	-	-	112,056
Grants from Unrestricted Funds	94,225	-	94,225	-	-	-	94,225
Charitable Distributions from							
Charitable Lead Trusts	11,873	-	11,873	-	-	-	11,873
Wages Taxes & Fringes	-	9,572	9,572	98,325	269,412	367,737	377,309
Marketing	-	3,364	3,364	14,185	38,930	53,115	56,479
Program Expenses	-	121,863	121,863	-	-	-	121,863
Utilities	-	-	-	3,215	2,556	5,771	5,771
Bank and Payroll Fees	-	-	-	-	2,437	2,437	2,437
Depreciation	-	-	-	-	1,736	1,736	1,736
Administrative Fees	-	-	-	-	40,578	40,578	40,578
Professional Fees	-	1,000	1,000	450	39,718	40,168	41,168
	\$ 2,542,783	\$ 135,799	\$ 2,678,582	\$ 116,175	\$ 395,367	\$ 511,542	\$ 3,190,124



THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (1,864,038)	\$ 4,144,275
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation and Amortization	1,737	1,736
Net Realized and Unrealized Losses (Gains) on Investments	2,177,339	(4,998,395)
Net Increase in Cash Surrender Value of Life Insurance	(9,494)	(3,893)
Contributions Restricted to Long-Term Investments	(211,496)	(274,180)
Decrease (Increase) in Assets:		
Unconditional Promises to Give	24,645	22,936
Grant and Other Receivables	15,821	50,509
Prepaid Expenses	(7,091)	11,487
Increase (Decrease) in Liabilities:		
Accounts Payable	(7,888)	(42,135)
Accrued Liabilities and Allocations	(26,357)	(56,305)
Deferred Revenue	(4,355)	4,355
Net Cash Provided by (Used in) Operating Activities	<u>88,823</u>	<u>(1,139,610)</u>
Cash Flows from Investing Activities:		
Purchases of Long-Term Investments	(25,861,740)	(39,720,628)
Proceeds from Sales of Long-Term Investments	26,078,024	43,541,884
Net Cash Provided by Investing Activities	<u>216,284</u>	<u>3,821,256</u>
Cash Flows from Financing Activities:		
Decrease in Custodial Accounts	(471,281)	(1,684,936)
Distribution from Split Interest Agreements	(22,950)	-
Decrease in Split Interest Agreements	(69,590)	(1,226,309)
Proceeds from Contributions Restricted to Long-Term Investments	211,496	274,180
Net Cash Used in Financing Activities	<u>(352,325)</u>	<u>(2,637,065)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(47,218)	44,581
Cash and Cash Equivalents - Beginning of Year	<u>99,227</u>	<u>54,646</u>
Cash and Cash Equivalents - End of Year	<u>\$ 52,009</u>	<u>\$ 99,227</u>

See accompanying notes to the financial statements  
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THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jewish Foundation of Greater New Haven, Inc. (the Foundation) is a nonprofit charitable organization described in Internal Revenue Code Section 501(c)(3). The Foundation is a Type 1 supporting organization to The Jewish Federation of Greater New Haven, Inc. (the Federation). Located at 360 Amity Road in Woodbridge, Connecticut, the Foundation is supported primarily by donor contributions and bequests.

Basis of Accounting

The Foundation prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net Asset Classification

Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Without Donor Restriction* – Those resources are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Board designated amounts represent those net assets that the board has set aside for a particular purpose (see Note 11).

*With Donor Restrictions* – Those resources subject to donor-imposed restrictions that will either be satisfied by action of The Foundation or by the passage of time or will require the resources to be maintained in perpetuity. The income from resources maintained in perpetuity is used for operating or other donor-restricted purposes.

Contributed Services

A substantial number of volunteers, approximately 100 each year, donate their time and perform a variety of tasks that assist the Foundation. These services do not meet the criteria for recording as contributions under U.S. generally accepted accounting principles. During the years ended December 31, 2018 and 2017, the value of contributed services, meeting the requirements for recognition, in the financial statements is deemed not material and has not been recorded.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor, that are released from restrictions within the fiscal year in which the contributions are recognized, are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified net assets without donor restrictions.

The allowance method is used to determine uncollectible unconditional promise receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Investments

The Foundation's investments are stated at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as donor restricted and then released from restriction. Other investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation's investments are monitored by the Foundation's Investment Committee and are executed in a manner consistent with policies and guidelines established by the Investment Committee and approved by the Board of Trustees. In addition to market risks, the Foundation is also exposed to credit losses up to the amount of the investments in the event of nonperformance by other parties to the investment transactions. However, nonperformance by the counterparties is not anticipated.

When an investment is received as a donation or bequest, the fair value is recorded as the cost of the investment.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Accounts

The Foundation acts as an agent for other organizations for the purpose of being able to utilize the Foundation's investment expertise. The assets and the return on investment of those assets are to be used on behalf of the other organizations.

Functional Allocation of Expenses

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. This primarily consists of wages, taxes, and fringe expenses, which are allocated based on activity reports prepared by key personnel. The Foundation evaluates the basis on which costs are allocated as needed, but at least every other year.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related notes. Actual results could differ from those estimates.

Federal Income Tax

The Foundation is a not-for-profit organization exempt from taxation under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Foundation is required to file Federal Form 990 annually.

The Foundation believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the last three years remain open for examination by taxing authorities.

Reclassifications

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

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has approximately \$2,900,000 of financial assets available within one year of the statement of financial position date to meet the cash needs for general expenditures, as summarized below:

Cash and cash equivalents	\$	52,009
Unconditional Promises to Give, net		28,304
Note Receivable		1,306,493
Cash Surrender Value of Life Insurance		180,777
Investments		48,511,854
Total Financial Assets		<u>50,079,437</u>
Less financial assets held to meet donor-imposed restrictions:		
Donor restricted endowment funds		(34,349,550)
Custodial accounts		(10,761,185)
Split-interest agreements		(579,313)
Less financial assets not available within one year:		
Unconditional promises to give		(6,500)
Note receivable		(1,306,493)
Less board-designated endowment fund		<u>(176,811)</u>
Financial Assets Available to meet Cash needs for general expenditures within one year	\$	<u>2,899,585</u>

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The above table reflects board designated funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from the Board designated endowment fund. As part of the Foundation's liquidity management, it has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation receives an administrative fee for the custodial accounts that it manages on behalf of other organizations. This administrative fee provides the majority of the cash needed to cover its management and general expenses during the year. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. Currently, Foundation does not intend to spend from its undesignated funds included in its investments, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, however amounts could be made available if necessary.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, are summarized as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Unconditional Promises Expected to be Collected in:		
Less Than One Year	\$ 31,804	\$ 22,032
One to Five Years	6,500	40,917
Less Allowance for Unfulfilled Promises	<u>(10,000)</u>	<u>(10,000)</u>
Unconditional Promises to Give	<u>\$ 28,304</u>	<u>\$ 52,949</u>

NOTE 4 – GRANT AND OTHER RECEIVABLES

Management has reviewed grants, miscellaneous and interest income receivables and determined them to be collectible as of December 31, 2018 and 2017.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 5 – NOTE RECEIVABLE

Note receivable on December 31, 2018 is summarized as follows:

Camp Laurelwood

In March 2007, the Foundation granted Camp Laurelwood a line of credit of \$1,500,000. In January 2012, the Foundation converted the line of credit into a term loan that requires interest only payments equal to the Foundation's spending policy, which is currently 4%. If the spending policy ever exceeds 6%, Camp Laurelwood will have the option of making cash payments up to 6% and having the interest in excess of 6% accrue into the outstanding loan balance. On February 1, 2025, the note requires monthly principal and interest payments of \$3,629, which will continue through the note's maturity date of January 1, 2055. The outstanding balance on this note as of December 31, 2018 and 2017 was \$1,306,493. The note is secured by a mortgage on the property owned by Camp Laurelwood.

The aggregate annual maturities of the Note Receivable as of December 31, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	<u>1,306,493</u>
Total	<u>\$ 1,306,493</u>

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investments of the Foundation consist primarily of money market and mutual funds, exchange traded funds, U.S. Government Securities, foreign bonds, and alternative investments, which consist primarily of hedge funds and private equity funds. In accordance with its approved investment practices and policies, investments held by the Foundation are to be conservative and diversified in order to preserve capital, achieve the proper liquidity requirement of the Foundation and avoid inappropriate concentration of credit and interest rate risk, while striving to maximize returns.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

All investments are recorded at fair value. FASB ASC Topic 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. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017. The Foundation's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels during 2018 or 2017.

*Money Market and Mutual Funds:* Money market and mutual funds are valued at the quoted net asset value of shares reported in the active market in which the money market and mutual funds are traded.

*Exchange Traded Funds:* Exchange traded funds are valued at the quoted share prices reported in the active market in which the funds are traded.



THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

*U.S. Government Securities:* U.S. government securities are valued at the closing price reported in the active market in which the security is traded (Level 1 inputs).

*Foreign Bonds:* Foreign bonds are valued based upon recent bid prices or the average of recent bid and asked prices when available (Level 2 inputs) and, if not available, they are valued through matrix pricing models developed by sources considered by management to be reliable. Matrix pricing, which is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities with similar credit risk (Level 2 inputs)

*Alternative Investments:* Alternative investments, which primarily consist of hedge funds and private equity funds, are not traded in an active market and their fair values have been estimated using the net asset value (NAV) per share of each investment, as reported by the fund managers.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation method is 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 following table sets forth by level, within the fair value hierarchy, the Foundation's investments fair value as of December 31, 2018:

	Level 1	Level 2	Level 3	Valued NAV Per Share*	Total
Investments					
Money Market Funds	\$ 859,809	\$ -	\$ -	\$ -	\$ 859,809
Mutual Funds	11,148,453	-	-	-	11,148,453
Exchange Traded Funds	8,528,554	-	-	-	8,528,554
U.S. Government Securities	86,495	-	-	-	86,495
Foreign Bonds	-	439,331	-	-	439,331
Alternative Investments	-	-	-	27,449,212	27,449,212
Total Investments at Fair Value	<u>\$ 20,623,311</u>	<u>\$ 439,331</u>	<u>\$ -</u>	<u>\$ 27,449,212</u>	<u>\$ 48,511,854</u>

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Investment assets at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3	Valued NAV Per Share*	Total
Investments					
Money Market Funds	\$ 566,636	\$ -	\$ -	\$ -	\$ 566,636
Mutual Funds	14,081,667	-	-	-	14,081,667
Exchange Traded Funds	9,445,594	-	-	-	9,445,594
U.S. Government Securities	85,355	-	-	-	85,355
Foreign Bonds	-	732,497	-	-	732,497
Alternative Investments	-	-	-	25,993,728	25,993,728
Total Investments at Fair Value	<u>\$ 24,179,252</u>	<u>\$ 732,497</u>	<u>\$ -</u>	<u>\$ 25,993,728</u>	<u>\$ 50,905,477</u>

\* Investments measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the investments at fair value line item presented in the statements of financial position.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Foundation evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

Interest and investment (loss) income, net, is comprised of the following for the years ended December 31, 2018 and 2017 respectively:

	2018	2017
Dividend and Interest Income, Net	\$ 500,870	\$ 408,696
Foundation Administration Fee	406,603	370,296
Net (Decrease) Increase in the Fair Value of Investments	(1,432,203)	5,029,787
Subtotal	(524,730)	5,808,779
Less: Foundation Administration Fee	(406,603)	(370,296)
Total	<u>\$ (931,333)</u>	<u>\$ 5,438,483</u>

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Realized gains and losses on investments represent the change in market value from the balance sheet date to the date of sale. Changes in market value for investments held by the Foundation are reflected as a net increase or decrease in the fair value of investments, a component of investment return in the accompanying statements of activities.

Net investment revenues are netted against management investment expenses, including custodial fees and investment advisory fees paid which amounted to \$13,220 and \$52,020 for the years ended December 31, 2018 and 2017 respectively.

The below table sets forth the unfunded commitments (future cash investments that the Foundation is required to make to the fund), redemption frequency, and redemption notice period for the alternative investments, which are valued using NAV:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private Equity				
Landmark Equity Partners XIV	\$ 204,430	\$ 31,098	Illiquid**	N/A
Park Street Capital Private Equity Fund	498,005	30,000	Illiquid**	N/A
Landmark Equity Partners XV	416,485	318,944	Illiquid**	N/A
SCS Private Equity IV (Cayman), LP	2,722,961	1,757,450	Illiquid**	N/A
SCS Private Equity V (Cayman), LP	1,033,466	2,995,745	Illiquid**	N/A
SCS Private Equity VI (Cayman), LP	-	3,300,000	Illiquid**	N/A
Total Private Equity	<u>4,875,347</u>	<u>8,433,237</u>		
Multi-Sector Credit				
Brevet Short Duration Fund	906,855	-	Quarterly	90 Days
SCS Multi-Sector Credit Offshore	4,790,243	-	Quarterly	100 Days
Guggenheim Opp Fund	377,670	-	Quarterly	90 Days
Total Multi-Sector Credit	<u>6,074,768</u>	<u>-</u>		
Domestic Equity				
SCS US Equity Fund	<u>5,152,807</u>	<u>-</u>	Bi-Weekly	2 Days
Fixed Income				
DCI Enhanced Investment	<u>1,350,122</u>	<u>-</u>	Quarterly	6 Days
International Equity				
SCS International Equity	<u>4,059,260</u>	<u>-</u>	Bi-Weekly	2 Days

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private Real Assets				
Common fund Natural Resources	304,504	17,500	Illiquid**	N/A
Park Street Capital Natural Resources	403,529	16,250	Illiquid**	N/A
VIA Energy Fund III	<u>571,729</u>	<u>395,000</u>	Illiquid**	N/A
Total Private Real Assets	<u>1,279,762</u>	<u>428,750</u>		
Private Credit				
Private Credit Strat III Offshore	261,461	1,438,420	Illiquid**	N/A
Golub Capital Partners Int'l XI, L.P.	<u>359,699</u>	<u>650,000</u>	Illiquid**	N/A
Total Private Credit	<u>621,160</u>	<u>2,088,420</u>		
Hedge Fund Strategy				
SCS Special Situations Fund	1,979,958	-	Semi-Annual	65 Days
SCS Opportunities Fund LTD	<u>1,999,137</u>	<u>-</u>	Quarterly	65 Days
Total Other	<u>3,979,095</u>	<u>-</u>		
Total Investments at NAV	<u>\$ 27,392,321</u>	<u>\$ 10,950,407</u>		

\*\* These alternative investments are made with a long-term perspective, or generally about ten to twelve years in duration with two one-year extensions. These investments are illiquid in nature and not eligible for redemption.

The investment strategies of the alternative funds that use NAV as a practical expedient are as follows:

<u>Class of Investment</u>	<u>Investment Strategy</u>
Global Private Equity	Private equity is an alternative investment class and consists of capital that is not listed on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity. Goal is to outperform public equity by constructing a portfolio of investments diversified across strategies, sectors, and vintages. Favor managers who invest in the inefficient lower-middle market or have deep industry-specific expertise.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 6 – LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS  
(CONTINUED)

Multi-Sector Credit	Goal is to generate high current income while providing better downside protection than traditional high-yield corporates. Targeting credits that offer expected yield premiums due to complexity, scarcity, and capital inefficiencies. Downside risks may be mitigated by investing across a broad range of borrowers, industries, collateral and coupon types with varying economic cyclicality (aimed at diversifying the timing and severity of losses).
Domestic Equity	Invests in public equity managers primarily focused inside the US.
Fixed Income	Goal of enhancing yield with emphasis on capital preservation and deflation protection. Invests in liquid corporate credit debt.
International Equity	Invests in public equity managers primarily focused outside the US.
Private Real Assets	Invests globally in a diversified mix of resource-oriented categories, primarily via private commingled partnerships, although co-investments and separate accounts are employed on an opportunistic basis
Private Credit	Goal is to provide consistent high cash yield and attractive total returns over the economic cycle, through investments in non-publicly traded lending managers (e.g. corporate, asset backed, distressed lending)
Hedge Fund Strategy	Goal is to produce consistent returns not highly correlated to equity, commodity, and fixed income markets.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is being provided by use of the straight-line method over the assets' estimated useful lives as follows:

	Estimated Life in Years	2018	2017
Furniture, Fixtures and Equipment	5-15 Years	\$ 73,665	\$ 73,665
Less: Accumulated Depreciation		(64,926)	(63,189)
Total		<u>\$ 8,739</u>	<u>\$ 10,476</u>

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 7 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the year ended December 31, 2018 and 2017 is \$1,736 and \$1,736 respectively.

NOTE 8 – SPLIT-INTEREST AGREEMENTS

The Foundation's split-interest agreements with donors consist of charitable gift annuities, charitable lead trusts and irrevocable charitable remainder trusts for which the Foundation serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance to the respective donor agreements. Contribution revenues for charitable gift annuities, charitable remainder trusts, and charitable lead trusts are recognized on the date the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. Assets held in split-interest agreements totaled \$612,907 and \$748,606 on December 31, 2018 and 2017 respectively and are reported at fair market value in the Foundation's statement of financial position. During the year 2017, a lead trust matured and was distributed per the trust agreement in the amount of \$1,084,485. On an annual basis, the Foundation revalues the liabilities to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments are \$579,313 and \$671,853 at December 31, 2018 and 2017 respectively, calculated using discount rates and applicable mortality tables.

NOTE 9 – NET ASSETS

Net assets without donor restrictions of \$4,344,113 and \$4,485,255 for the years ended December 31, 2018 and 2017, respectively include net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as board designations. Board designated net assets, totaled \$176,811 and \$120,496 for the years ended December 31, 2018 and 2017, respectively.

Changes in time and purpose restricted net assets during the year ended December 31, 2018, are as follows:

	<u>1/1/18</u>	<u>Contributions &amp; Earnings / (Losses), Net</u>	<u>Transferred</u>	<u>Released</u>	<u>12/31/18</u>
Philanthropic Funds	\$ 5,887,878	\$ 729,598	\$ -	\$(1,029,300)	\$ 5,588,176
Charitable Remainder Trusts	461,312	(18,343)	2,675	(49,231)	396,413
Charitable Gift Annuities	287,294	(13,900)	-	(56,901)	216,493
Tzedakah Funds	246,166	(4,967)	-	(11,305)	229,894
Perpetual Restricted Funds	<u>29,189,796</u>	<u>(211,496)</u>	<u>-</u>	<u>(1,059,726)</u>	<u>27,918,574</u>
Total	<u>\$ 36,072,446</u>	<u>\$ 480,892</u>	<u>\$ 2,675</u>	<u>\$(2,206,463)</u>	<u>\$ 34,349,550</u>

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 9 – NET ASSETS (CONTINUED)

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

	<u>1/1/17</u>	<u>Contributions &amp; Earnings / (Losses), Net</u>	<u>Transferred</u>	<u>Released</u>	<u>12/31/17</u>
Philanthropic Funds	\$ 4,770,409	\$ 2,247,145	\$ 162,620	\$ (1,293,296)	\$ 5,886,878
Charitable Remainder Trusts	1,502,914	88,526	-	(1,130,128)	461,312
Charitable Gift Annuities	490,968	40,390	(165,778)	(78,286)	287,294
Tzedakah Funds	217,876	31,834	-	(3,544)	246,166
Perpetual Restricted Funds	<u>26,405,471</u>	<u>3,804,441</u>	<u>3,158</u>	<u>(1,022,274)</u>	<u>29,190,796</u>
Total	<u>\$ 33,387,638</u>	<u>\$ 6,212,336</u>	<u>\$ -</u>	<u>\$ (3,527,529)</u>	<u>\$ 36,072,446</u>

NOTE 10 – CONCENTRATION OF CREDIT RISK DEBT

Credit Risk

The Foundation maintains demand deposits and money market funds at financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Consequently, the failure of an institution could result in financial loss. However, the Foundation has not experienced any losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

Market Risk

The Foundation invests in a diverse professionally managed portfolio of investments. Such investments are exposed to potential market volatility. Therefore, the Foundation's investments may be subject to significant fluctuations in fair value. Consequently, the investment amounts reported in the accompanying financial statements may not be reflective of the portfolio's fair value during subsequent periods.

THE JEWISH FOUNDATION OF GREATER NEW HAVEN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 11 – STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	<u>2018</u>	<u>2017</u>
Interest Paid During the Year	\$ -	\$ -
Non Cash Gifts received	\$ 870,403	\$ 963,198

NOTE 12 – SUBSEQUENT EVENTS

The Foundation evaluates the impact of subsequent events, which are events that occur after the statement of financial position date but before the financial statements are issued for potential recognition in the financial statements. As of the statement of financial position date, for the year ended December 31, 2018, the Foundation evaluated subsequent events through August 28, 2019 which is the date the financial statements were issued. No events occurred that require disclosure or adjustment to the financial statements.