

**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Jewish Federation of Greater Atlanta, Inc.  
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of the **Jewish Federation of Greater Atlanta, Inc.** (the "Federation"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related consolidated 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Federation's preparation and fair presentation of the consolidated 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 Federation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Greater Atlanta, Inc. as of June 30, 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.

*Windham Brannon, P.C.*

Certified Public Accountants

December 3, 2018

**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Consolidated Statements of Financial Position

June 30, 2018 and 2017  
(in Thousands)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 169,490	\$ 21,330
Pledges receivable, net of allowance for uncollectible accounts	9,724	11,774
Investments	263,769	237,994
Prepaid expenses and other assets	1,431	832
Land, building, and equipment, net of accumulated depreciation	<u>14,384</u>	<u>13,595</u>
Total assets	<u>\$ 458,798</u>	<u>\$ 285,525</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Allocations payable:		
Domestic	\$ 11,410	\$ 11,271
Overseas	2,529	2,366
Donor designated	810	433
Total allocations payable	<u>14,749</u>	<u>14,070</u>
Accounts payable and accrued expenses	1,726	1,123
Obligations to other organizations for assets held in trust	40,516	38,670
Trust obligations	<u>1,850</u>	<u>1,895</u>
Total liabilities	<u>58,841</u>	<u>55,758</u>
Net assets:		
Without donor restrictions		
Unrestricted	12,453	11,721
Board designated	<u>367,096</u>	<u>198,658</u>
	<u>379,549</u>	<u>210,379</u>
With donor restrictions	<u>20,408</u>	<u>19,388</u>
Total net assets	<u>399,957</u>	<u>229,767</u>
Total liabilities and net assets	<u>\$ 458,798</u>	<u>\$ 285,525</u>

See accompanying notes to financial statements.

**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Consolidated Statement of Activities

Year ended June 30, 2018

(in Thousands)

	Without Donor Restrictions			With Donor Restrictions	Total	2017 Total
	Undesignated	Board Designated	Total			
Revenues and other support:						
Pledges to campaigns	\$ 8,710	\$ -	\$ 8,710	\$ -	\$ 8,710	\$ 10,067
Endowment funds grants to campaigns	6,197	(5,638)	559	(559)	-	-
Less provision for uncollectible pledges	(459)	-	(459)	-	(459)	(559)
Net pledges and grants to campaigns	14,448	(5,638)	8,810	(559)	8,251	9,508
Non-campaign contributions	119	191,544	191,663	4,148	195,811	55,092
Net assets released from restrictions	30,503	(24,595)	5,908	(5,908)	-	-
Total donor support	45,070	161,311	206,381	(2,319)	204,062	64,600
Investment income	313	6,942	7,255	1,385	8,640	11,494
Program fees and other income	1,580	185	1,765	1,954	3,719	3,006
Total other support	1,893	7,127	9,020	3,339	12,359	14,500
Total revenues and other support	46,963	168,438	215,401	1,020	216,421	79,100
Allocations and Expenses:						
Allocations:						
Domestic	31,819	-	31,819	-	31,819	32,490
Overseas	2,591	-	2,591	-	2,591	2,366
Programs	4,141	-	4,141	-	4,141	3,853
Support Services:						
Administration of allocations & programs	749	-	749	-	749	401
Fund-raising	1,693	-	1,693	-	1,693	1,807
Management and general	1,789	-	1,789	-	1,789	1,748
Total support services expenses	4,231	-	4,231	-	4,231	3,956
Endowment expenses	3,826	-	3,826	-	3,826	1,350
Total allocations, programs and expenses	46,608	-	46,608	-	46,608	44,015
Pension-related credits other than net periodic pension cost	(377)	-	(377)	-	(377)	(705)
Increase in net assets	732	168,438	169,170	1,020	170,190	35,790
Net assets at beginning of year	11,721	198,658	210,379	19,388	229,767	193,977
Net assets at end of year	\$ 12,453	\$ 367,096	\$ 379,549	\$ 20,408	\$ 399,957	\$ 229,767

See accompanying notes to financial statements.

**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Consolidated Statement of Activities

Year ended June 30, 2017

(in Thousands)

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total		
Revenues and other support:					
Pledges to campaigns	\$ 9,784	\$ -	\$ 9,784	\$ 283	\$ 10,067
Endowment funds grants to campaigns	4,616	(4,528)	88	(88)	-
Less provision for uncollectible pledges	(559)	-	(559)	-	(559)
Net pledges and grants to campaigns	<u>13,841</u>	<u>(4,528)</u>	<u>9,313</u>	<u>195</u>	<u>9,508</u>
Non-campaign contributions	341	51,355	51,696	3,396	55,092
Net assets released from restrictions	28,570	(22,996)	5,574	(5,574)	-
Total donor support	<u>42,752</u>	<u>23,831</u>	<u>66,583</u>	<u>(1,983)</u>	<u>64,600</u>
Investment income	716	8,764	9,480	2,014	11,494
Program fees and other income	1,285	448	1,733	1,273	3,006
Total other support	<u>2,001</u>	<u>9,212</u>	<u>11,213</u>	<u>3,287</u>	<u>14,500</u>
Total revenues and other support	<u>44,753</u>	<u>33,043</u>	<u>77,796</u>	<u>1,304</u>	<u>79,100</u>
Allocations and Expenses:					
Allocations:					
Domestic	32,490	-	32,490	-	32,490
Overseas	2,366	-	2,366	-	2,366
Programs	3,853	-	3,853	-	3,853
Support Services:					
Administration of allocations & programs	401	-	401	-	401
Fund-raising	1,807	-	1,807	-	1,807
Management and general	1,748	-	1,748	-	1,748
Total support services expenses	<u>3,956</u>	<u>-</u>	<u>3,956</u>	<u>-</u>	<u>3,956</u>
Endowment expenses	1,350	-	1,350	-	1,350
Total allocations, programs and expenses	<u>44,015</u>	<u>-</u>	<u>44,015</u>	<u>-</u>	<u>44,015</u>
Pension-related credits other than net periodic pension cost	<u>(705)</u>	<u>-</u>	<u>(705)</u>	<u>-</u>	<u>(705)</u>
Increase in net assets	1,443	33,043	34,486	1,304	35,790
Net assets at beginning of year	<u>10,278</u>	<u>165,615</u>	<u>175,893</u>	<u>18,084</u>	<u>193,977</u>
Net assets at end of year	<u>\$ 11,721</u>	<u>\$ 198,658</u>	<u>\$ 210,379</u>	<u>\$ 19,388</u>	<u>\$ 229,767</u>

See accompanying notes to financial statements.

**JEWISH FEDERATION OF GREATER ATLANTA, INC**

Consolidated Statement of Functional Expenses

Year ended June 30, 2018

(in Thousands)

	<u>Allocations</u>	<u>Programs</u>	<u>Allocations and Program Administration</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Endowment Expenses</u>	<u>Total Expenses</u>
Allocations							
Domestic	\$ 31,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,819
Overseas	2,591	-	-	-	-	-	2,591
Total Allocations	34,410	-	-	-	-	-	34,410
Expenses							
Personnel:							
Salaries and benefits	-	1,679	533	1,112	1,068	-	4,392
Contracted services	-	913	141	177	316	79	1,626
Total personnel	-	2,592	674	1,289	1,384	79	6,018
Travel, conferences and missions	-	190	48	21	19	2	280
General office	-	45	-	25	31	-	101
Occupancy	-	33	-	113	136	393	675
Other operating expenses	-	75	-	29	92	183	379
Programs & events	-	1,092	27	151	46	468	1,784
Depreciation	-	114	-	65	81	227	487
Asset impairment	-	-	-	-	-	2,474	2,474
Total allocations and expenses	<u>\$ 34,410</u>	<u>\$ 4,141</u>	<u>\$ 749</u>	<u>\$ 1,693</u>	<u>\$ 1,789</u>	<u>\$ 3,826</u>	<u>\$ 46,608</u>

See accompanying notes to financial statements.

**JEWISH FEDERATION OF GREATER ATLANTA, INC**

Consolidated Statement of Functional Expenses

Year ended June 30, 2017

(in Thousands)

	<u>Allocations</u>	<u>Programs</u>	<u>Allocations and Program Administration</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Endowment Expenses</u>	<u>Total Expenses</u>
Allocations							
Domestic	\$ 32,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,490
Overseas	2,366	-	-	-	-	-	2,366
Total Allocations	34,856	-	-	-	-	-	34,856
Expenses							
Personnel:							
Salaries and benefits	-	1,803	336	1,273	1,236	-	4,648
Contracted services	-	676	46	166	189	78	1,155
Total personnel	-	2,479	382	1,439	1,425	78	5,803
Travel, conferences and missions	-	170	16	47	15	-	248
General office	-	41	-	22	28	-	91
Occupancy	-	94	-	56	73	342	565
Other operating expenses	-	51	-	28	85	185	349
Programs & events	-	905	3	151	42	557	1,658
Depreciation	-	113	-	64	80	188	445
Total allocations and expenses	<u>\$ 34,856</u>	<u>\$ 3,853</u>	<u>\$ 401</u>	<u>\$ 1,807</u>	<u>\$ 1,748</u>	<u>\$ 1,350</u>	<u>\$ 44,015</u>

See accompanying notes to financial statements.



**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Consolidated Statements of Cash Flows

Years ended June 30, 2018 and 2017  
(in Thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 170,190	\$ 35,790
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	487	445
Asset Impairment	2,474	-
Contribution of real estate, limited partnerships, and limited liability company interests	(20,501)	(22,859)
Unrealized appreciation of investments	(5,693)	(12,123)
Decrease in pledges receivable	2,050	246
Increase in prepaid expenses and other assets	(599)	(98)
Increase (decrease) in allocations payable	679	(926)
Increase (decrease) in accounts payable and accrued expenses	603	(896)
Increase (decrease) in trust obligations	(45)	52
Net cash provided by (used in) operating activities	<u>149,645</u>	<u>(369)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,277)	(156)
Proceeds from sale and maturities of investments	28,357	30,485
Purchase of investments	(30,411)	(34,697)
Increase in obligations to other organizations	1,846	3,168
Net cash used in investing activities	<u>(1,485)</u>	<u>(1,200)</u>
Cash flows from financing activities:		
Redemption of bonds payable	-	(100)
Net cash used in financing activities	<u>-</u>	<u>(100)</u>
Net increase (decrease) in cash and cash equivalents	148,160	(1,669)
Cash and cash equivalents at beginning of year	<u>21,330</u>	<u>22,999</u>
Cash and cash equivalents at end of year	<u>\$ 169,490</u>	<u>\$ 21,330</u>

See accompanying notes to financial statements.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies

### (a) *Nature of Business*

The Jewish Federation of Greater Atlanta, Inc. (the “Federation”) is a not-for-profit organization which operates exclusively for charitable and educational purposes. Such purposes include meeting the needs of the Atlanta Jewish community and Jewish communities abroad. Federation conducts various campaigns to raise funds and retains custody of property and investments held for the benefit of the community. Federation is an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and, as such, is exempt from income taxation under IRC Section 501(a).

Federation meets the needs of the Atlanta community by working in partnership with and providing funding to many Atlanta Jewish organizations that deliver specific services. Those organizations that are formally associated with Federation by virtue of working agreements are referred to in these statements and notes as Affiliated Agencies.

### (b) *Basis of Presentation*

The financial statements are presented in accordance with accounting principles generally accepted in the United States which establishes standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets – without donor restrictions and with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

#### *Net assets without donor restrictions –*

- *Undesignated* - Net assets not subject to donor-imposed stipulations.
- *Board designated net assets* – Net assets not subject to donor-imposed stipulations but subject to purpose and time restrictions by virtue of being subject to board approval.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of Federation and/or the passage of time or that require the donated assets be maintained permanently by Federation. Generally, the donors of permanent net assets permit Federation to use all or part of the income earned on related investments for specific purposes.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies (continued)

### (c) Principles of Consolidation

Net assets of Federation include various supporting foundations and ALEF Fund, Inc. (ALEF), which are each separate 501(c)(3) organizations. ALEF provides students with scholarships to attend private pre-k to grade 12 schools in Georgia. Supporting foundations and ALEF are included in the accompanying financial statements because Federation manages their operations and has majority control of their boards.

### (d) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand and money market accounts at banks and broker/dealers. Approximately 94% and 63% of such balances were maintained at one and three financial institutions as of June 30, 2018 and 2017, respectively. Federation considers commercial paper and money-market funds with maturities of three months or less to be cash equivalents.

### (e) Investments

Equity securities and funds traded on an exchange are reported at fair value based upon the last reported sales price. Corporate bonds and U.S. agency and government backed obligations are generally fair valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in proprietary funds of Russell Investments, Federation's current investment advisors, trade at the net asset value (NAV) per share practical expedient of each fund and are carried at NAV. Purchases and sales of securities are recorded on a trade-date basis. Interest, dividends (which are recorded on the ex-dividend date), as well as realized and unrealized gains and losses are included in the Consolidated Statement of Activities within Investment Income.

Interests in certain limited partnerships and limited liability companies that are not involved in real estate activities are initially recorded at fair value based principally on third party appraisals. Declines in the value of such interests and subsequent recoveries are recognized subject to the limitation that the carrying amount of such interests cannot exceed their initial value.

Interests in limited partnerships, limited liability companies and corporations that are involved in real estate activities are initially recorded at fair value based typically on third party appraisals and are then accounted for on the equity method.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies (continued)

Investments also include life insurance policies gifted to Federation. Federation records these policies at their cash surrender value. The change in cash surrender value is included in Investment Income on the Consolidated Statement of Activities.

### (f) *Trust Assets and Obligations*

Federation is trustee of certain assets under split interest agreements which provide for payments to the donors or their beneficiaries of income earned on related investments or specified annuity amounts. Trust obligations represent such liability to donors or their beneficiaries computed at present value. Contribution revenue related to these split interest agreements is recognized at the date of the agreement after providing for the estimated present value of future payments. At June 30, 2018 and 2017, the fair market value of investments held by such trusts and included in Investments is \$2,737 and \$2,745, respectively.

### (g) *Land, Building, and Equipment*

Land, building, and equipment represents property used in Federation's operations and are stated at cost at date of acquisition or fair value at date of donation in the case of gifts.

Depreciation of building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

Building and land improvements	10 to 40 years
Furniture and equipment	5 to 20 years
Computer equipment and software	3 to 7 years

Federation reviews property for the existence of any indicators of impairment. If indicators of impairment are present, Federation calculates the expected undiscounted future cash flows to be derived from such assets. If the expected undiscounted future cash flows are less than the carrying amount of the asset, the asset is reduced to its then fair value. No impairment was recorded during the years ended June 30, 2018 and 2017.

Net rental income received from properties leased to third parties during the years ended June 30, 2018 and 2017 aggregated \$153 and \$152 and is included in Investment Income in the Consolidated Statement of Activities.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies (continued)

### (h) *Revenues*

Federation conducts an annual campaign and solicits donations through other campaigns. Contributions are recognized when a donor makes a pledge to give to Federation that is, in substance, unconditional. Conditional promises to give are not included as support until such time as the conditions are substantially met. Provision is made for estimated losses on collection of unpaid pledges. The provision for uncollectible pledges is based, among other things, on Federation's past collection experience and the impact of changes in current economic conditions.

Donations are made under numerous types of arrangements which may specify who receives the funds upon passage of time or other donor-imposed restrictions. Contributions received by Federation for its general purposes are classified as unrestricted. Federation reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods.

When (i) a donor restriction expires or purpose restriction is accomplished, or (ii) a board designation is approved, designated or restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Contribution of non-cash assets are recorded at the estimated fair value of the donated assets at the time of their receipt. During the years ended June 30, 2018 and 2017, one and two donors, respectively, contributed amounts in excess of 10% of revenues.

### (i) *Allocations*

In the course of fulfilling its mission and purpose, each year Federation's Board of Trustees and the boards of the supporting foundations authorize the distribution of certain program funds to other not-for-profit organizations. These distributions are recorded as allocations in Federation's financial statements when they are approved.

### (j) *Income Taxes*

Federation qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, if any as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. Management believes Federation met the requirements to maintain its tax-exempt status; therefore, no provision for income taxes on exempt purposes has been provided in these financial statements.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies (continued)

As of and for the years ended June 30, 2018 and 2017, Federation did not identify any uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements. Federation's income tax returns for the prior three years are subject to examination by tax authorities and may change upon examination.

### (k) *Concentrations of Credit and Market Risk*

Financial instruments which potentially subject Federation to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio.

Federation maintains cash balances at several financial institutions, which at times may exceed the federally insured limits. Cash equivalents are maintained at high-quality financial institutions and credit exposure to any one institution is at times limited. Uninsured cash balances as of June 30, 2018 and 2017 aggregated \$167,226 and \$20,404, respectively.

Management considers credit risk associated with pledges receivable to be low due to the diversity of the donors and the recurring nature of many donations.

Investments are subject to both credit and market risks. Federation utilizes an investment policy and management oversight, which periodically reviews its investment portfolios, to monitor these risks.

### (l) *Fair Value of Financial Instruments Other Than Investments*

The carrying values of cash and cash equivalents; prepaid expenses and other receivables; pledges receivable; accounts payable and accrued expenses; allocations payable; trust obligations; and obligations to other organizations are reflected in the financial statements at historical cost, which management estimates to approximate fair values because of the terms and relative short-term maturity of such items.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (1) Summary of Significant Accounting Policies (continued)

### (m) *Use of Estimates and Allocated Expenses*

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

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Federation and have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs such as salaries, contracted services, and programs and events have been allocated among the programs and supporting services based typically on headcount, space, or usage.

### (n) *Recent Accounting Pronouncement*

In August 2018 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the disclosure requirements of fair value measurements. This standard is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Federation elected to early and retrospectively adopt the removed or modified disclosures under this new guidance during the year ended June 30, 2018.

### (o) *Subsequent Events*

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 3, 2018, which is the date the financial statements were available to be issued.

## JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

### (2) Liquidity and Availability of Financial Assets

The Federation's financial assets at June 30, 2018 (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

	Not Available Due To					
Consolidated Amounts	Board Designations	Donor Imposed Restrictions	Obligations to Others For Assets Held in Trust	Net Available		
Cash and cash equivalents	\$ 169,490	\$ 160,889	\$ 415	\$ 5,963	\$	2,223
Pledges receivable, net	9,724	8,942	782	-	-	-
Investments	263,769	210,812	6,268	40,516	6,173	
Total	<u>\$ 442,983</u>	<u>\$ 380,643</u>	<u>\$ 7,465</u>	<u>\$ 46,479</u>	<u>\$</u>	<u>8,396</u>

Federation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due; such liabilities aggregated \$1,726 at June 30, 2018. As part of its liquidity management, Federation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. Furthermore, as described in Note 8, Federation also maintains a committed line of credit in the amount of \$4,000 which it could draw upon in the event of an unanticipated liquidity event.



**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

**(3) Pledges Receivable**

Pledges receivable as of June 30, 2018 and 2017 are as follows:

	<b>2018</b>		<b>2017</b>	
	Contributions receivable	Allowance for uncollectible contributions	Contributions receivable	Allowance for uncollectible contributions
General campaign:				
Campaign year:				
2018	\$ 8,640	\$ 442	\$ -	\$ -
2017	587	439	9,725	462
2016	380	364	1,886	404
2015	255	163	325	202
2014	129	129	139	139
2013	16	16	28	28
2012	-	-	8	8
	10,007	1,553	12,112	1,243
Overnight Camping Targeted Priority	179	12	290	7
Jewish Future Fund	397	-	-	-
Birthright Targeted Priority Campaign	56	-	240	-
Jewish Innovation Fund	98	-	-	-
Other pledges receivable	908	6	732	1
Unapplied receipts	(350)	-	(349)	-
	11,295	\$ 1,571	13,025	\$ 1,251
Less allowance for uncollectible accounts	(1,571)		(1,251)	
Total pledges receivable:	\$ 9,724		\$ 11,774	

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (4) Investments

The investments of Federation are managed by professional advisors under the general direction of two senior volunteer committees of the Board of Trustees: the Atlanta Jewish Foundation and the Investment Committee. Certain of Federation's investments are proprietary funds managed by the professional advisor. In July 2017, Federation changed its primary investment advisor from SEI Investments (SEI) to Russell Investments.

Investments at June 30, 2018 and 2017 consist of the following:

	<b>2018</b>	<b>2017</b>
<i><b>Investments Carried at Fair Value</b></i>		
<i>Level 1</i>		
SEI publicly-traded debt and equity mutual funds	\$ -	\$ 89,186
Marketable equity securities	16,253	15,078
Mutual and exchange traded funds	7,402	6,246
US Treasury, agency and government backed obligations	621	674
<i>Total Level 1</i>	24,276	111,184
<i>Level 2</i>		
Corporate bonds	5,855	5,882
Israel bonds	4,217	3,817
<i>Total Level 2</i>	10,072	9,699
<i>Level 3</i>		
SEI Special Situations Fund (SSF)	551	5,420
SEI Core Property Fund (CPF)	496	4,856
SEI Energy Debt Fund (EDF)	3,043	2,787
<i>Total Level 3</i>	4,090	13,063
<i><b>Investments Carried at Net Asset Value</b></i>		
Russell Investments proprietary funds	102,698	-
<i>Total Investments Carried at Net Asset Value</i>	102,698	-
<i><b>Investments Maintained at Other Than Fair Value</b></i>		
Limited liability companies (LLCs)	116,761	98,734
Entities engaged in real estate	1,552	1,552
Life insurance	3,322	2,766
Other interests	998	996
<i>Total Investments Maintained at Other Than Fair Value</i>	122,633	104,048
<b>Total Investments</b>	<b>\$ 263,769</b>	<b>\$ 237,994</b>

## JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

### (4) Investments (continued)

Investments carried at fair value are classified in one of three categories based on measurement inputs:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on other than quoted market prices in inactive markets, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical investments as of the reporting date.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment or estimation.

Investments in proprietary funds of Russell Investments, Federation’s current investment advisors, are carried at NAV and are not categorized in the fair value hierarchy.

Following is a roll forward of Level 3 investments for the years ended June 30, 2018 and 2017:

	<b>2018</b>				
	SSF	CPF	EDF	OHF	Total
Beginning Balance	\$ 5,420	\$ 4,856	\$ 2,787	\$ -	\$13,063
Total gains or losses included in earnings	112	100	256	-	468
Purchases	551	496	-	-	1,047
Sales	(5,532)	(4,956)	-	-	(10,488)
Ending Balance	\$ 551	\$ 496	\$ 3,043	\$ -	\$ 4,090

	<b>2017</b>				
	SSF	CPF	EDF	OHF	Total
Beginning Balance	\$ 5,126	\$ 4,444	\$ 2,289	\$ 388	\$12,247
Total gains or losses included in earnings	512	412	498	-	1,422
Purchases	267	-	-	-	267
Sales	(485)	-	-	(388)	(873)
Ending Balance	\$ 5,420	\$ 4,856	\$ 2,787	\$ -	\$13,063

The SEI Special Situations Fund (SSF) invests in private equity funds, hybrid funds and other “alternative” investment funds, while also opportunistically investing directly in any other security and financial instruments. The SEI Core Property Fund (CPF) invests in private investment vehicles that invest in commercial real estate properties. SEI Energy Debt Fund (EDF) invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

### (4) Investments (continued)

companies. The SEI Offshore Opportunity Hedge Fund (OHF) invests in private investment funds focusing on four main strategies: equity, tactical/directional, relative value, and event driven. Redemption of units in these SEI funds require notice ranging from 65 to 110 days.

Federation's investments at June 30, 2018 in proprietary funds of Russell Investments are not publicly traded and are summarized as follows:

Multi asset fund seeks to provide long-term growth of capital over a market cycle by offering a diversified portfolio of funds and separate accounts investing in global stocks, return seeking fixed income, commodities, global real estate and opportunistic investments. This fund is traded daily and requires 1 business day notice for purchases and redemptions.	\$ 60,808
Fixed income funds that invest primarily in corporate debt securities, securitized instruments, U.S. and non-U.S. government obligations, and emerging markets debt. The strategy of each fund varies based on duration and risk. These funds are traded daily and require 1 business day notice for purchases and redemptions.	32,819
Real estate fund employs a multi-advisor investment approach to real estate located across the United States. This fund accepts purchase and redemption requests on a quarterly basis. The redemption request pre-notification period is 110 calendar days and purchase requests require a 35 calendar day pre-notification.	4,526
Hedge fund that seeks to offer investors low correlation to traditional assets, and aims to provide diversification, lower volatility and higher risk-adjusted returns at the portfolio level. This fund accepts purchase requests on a monthly basis and redemption requests on a quarterly basis. The redemption request pre-notification period is 65 calendar days and purchase requests require a 5 calendar day pre-notification.	4,545
	<u>\$ 102,698</u>

LLCs represent unit interests of limited liability companies that each hold an ownership interest in an operating company. Federation's units are entitled to various preferences from the sale or change of control (as defined) of the operating company. While the terms of these unit interests vary, \$113,276 and \$94,970 of the carrying value of these LLCs at June 30, 2018 and 2017, respectively, are supported by the same underlying publicly-traded operating company. During the year ended June 30, 2018, Federation recognized

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

### (4) Investments (continued)

impairment of \$2,474 on certain of these interests. There have been no other declines in the fair value of such interests from their dates of contribution to June 30, 2018. Certain of the LLCs contain a dividend preference; the Federation received dividends of \$516 and \$191 during the years ended June 30, 2018 and 2017, respectively, from such LLCs.

Investments include certain donations that are restricted by either purpose or time. See Note 9 for information on these asset restrictions.

Investments include funds that are being invested on behalf of Affiliated Agencies with a corresponding liability titled "Obligations to other organizations for assets held in trust". Changes in the fair value of these investments are reflected as a change in the corresponding liability on the Statement of Financial Position. These transactions are not included in the Statement of Activities. As of June 30, 2018, and 2017, these investments and liabilities total \$40,516 and \$38,670 respectively.

Interest and dividends included in Investment Income was approximately \$1,017 and \$1,283 for the years ended June 30, 2018 and 2017, respectively.

### (5) Prepaid Expenses and Other Receivables

Prepaid expenses and other receivables on the Statement of Financial Position includes \$230 and \$295 at June 30, 2018 and 2017, respectively, due from one of the Federation's Affiliated Agencies, Jewish Family & Career Services, Inc. Such amounts owed to Federation bear interest at a variable rate and are due to be repaid through 2022. Amounts are due monthly and aggregate \$68, \$72, \$77, and \$13 during the years ending June 30, 2019, 2020, 2021, and 2022, respectively.

### (6) Land, Building, and Equipment

Land, building, and equipment at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 14,557	\$ 13,293
Land	4,205	4,205
Furniture and equipment	921	909
Total cost	19,683	18,407
Less accumulated depreciation	<u>(5,299)</u>	<u>(4,812)</u>
	<u>\$ 14,384</u>	<u>\$ 13,595</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$487 and \$445, respectively.

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

## (7) Employee Benefit Plans

### *Defined Contribution Plan*

Federation maintains a defined contribution plan (a 403(b) plan) which covers substantially all of its employees. Employees may elect to contribute a portion of their compensation to this plan; Federation currently matches a portion of such employee contributions. Federation's expense for its matching contributions was \$71 and \$76 for the years ended June 30, 2018 and 2017, respectively.

### *Frozen Defined Benefit Plan*

Federation also has a noncontributory defined benefit plan (the "DB Plan") that (prior to July 1, 2013) covered substantially all employees. Benefits are based generally on years of service and final average salary. Federation's policy is to contribute amounts based on periodic actuarial valuations and recommendations, but never less than the minimum required contribution. Federation uses a June 30th measurement date for its Plan.

The DB Plan was frozen as of July 1, 2013; as a result of this Plan curtailment, then existing DB Plan participants no longer accrue benefits for future service and new Federation employees hired on or after that date are no longer eligible to participate in the DB Plan.

Financial and actuarial information regarding the DB Plan is as follows:

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Changes in projected benefit obligation:		
Beginning of the year	\$ 3,440	\$ 5,166
Service cost	8	8
Interest cost	113	152
Assumption changes	(288)	(96)
Actuarial (gain) loss	1	(66)
Expense charges	(15)	(20)
Benefits disbursed	(158)	(1,704)
End of the year	\$ 3,101	\$ 3,440
	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Plan Status at end of year:		
Plan assets at fair value	\$ 3,289	\$ 3,187
Projected benefit obligation	3,101	3,440
Overfunded (unfunded) status	\$ 188	\$ (253)
Accumulated benefit obligation	\$ 3,101	\$ 3,440

As of June 30, 2018, Federation recognized an asset for the above-noted overfunded status of its DB Plan which is included in prepaid expenses and other assets in the accompanying Consolidated Statements of

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

### (7) Employee Benefit Plans (continued)

Financial Position. As of June 30, 2017, Federation recognized a liability for the above-noted unfunded status of its DB Plan which is included in accounts payable and accrued expenses in the accompanying Consolidated Statements of Financial Position.

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Components of net periodic pension cost:		
Service cost	\$ 8	\$ 8
Interest cost	113	152
Return on plan assets	(216)	(259)
Amortization of actuarial losses	31	66
Net periodic benefit credit before recognizing curtailment	(64)	(33)
Amount of loss recognized due to curtailment	-	351
Net periodic pension cost (credit)	\$ (64)	\$ 318
Items not yet recognized as a component of net periodic pension cost:		
Net loss	\$ 377	\$ 754

A roll forward of accrued pension cost is as follows:

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Accrued pension cost at beginning of year	\$ (253)	\$ (1,289)
Net periodic pension credit	64	33
Contributions paid	-	649
Settlement loss	-	(351)
Additional pension credit for change in plan's unfunded status	377	705
Accrued pension asset (liability) at end of the year	\$ 188	\$ (253)
	<b>2018</b>	<b>2017</b>
Assumptions used to determine benefit obligations at year end		
Discount rate	4.00%	3.60%
Rate of compensation increase	0%	0%
Assumptions used to determine net periodic cost for the year		
Discount rate	3.60%	3.25%
Expected long-term return on assets	7.50%	7.50%
Rate of compensation increase	0%	0%

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

### (7) Employee Benefit Plans (continued)

The DB Plan's asset allocations at June 30, 2018 and 2017 by asset category were as follows:

Asset Category	2018	2017
Equity securities	70.2%	67.0%
Debt securities	14.3%	14.9%
Other	15.5%	18.1%
Total	100.0%	100.0%

The DB Plan is a prototype plan of the Mutual of America Insurance Company (MOA) and, under the agreement with MOA, investments are limited to mutual funds in MOA's Pooled Separate Account No. 1 and interest-bearing deposits with MOA. The use of mutual funds allows the DB Plan to achieve investment diversification while minimizing transaction costs. Performance of the funds is monitored against appropriate market indexes on a quarterly basis. The allocation among asset categories is designed to provide adequate liquidity while obtaining the desired investment returns.

The following benefit payments were expected to be paid by the DB Plan at June 30, 2018:

Fiscal Year	Amount
2019	\$ 721
2020	159
2021	253
2022	289
2023	218
2024-2028	1,060

Beginning in June 2016, Federation offered lump sum settlement payments to DB Plan participants no longer employed by Federation and not yet receiving DB Plan benefits. Such payments aggregated approximately \$1,533 and were paid by and from the DB Plan during the year ended June 30, 2017. In connection with such settlement payments, Federation contributed \$649 to the DB Plan during the year ended June 30, 2017.

### (8) Credit Agreement

In October 2010, Federation entered into a \$4,000 unsecured line of credit. Advances carry interest at LIBOR plus 1.75% per annum with a minimum rate of 2.50%. As of June 30, 2018, Federation has not drawn any amount on this line of credit and, accordingly, no amounts were owed at June 30, 2018 or 2017. The line of credit was to expire on October 25, 2018 but has been renewed until October 24, 2019.



# JEWISH FEDERATION OF GREATER ATLANTA, INC.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

## (9) Net Assets

The major portion of Federation's net assets with donor restrictions relates to various kinds of endowment funds as follows:

- Donor restricted endowment funds are the result of an agreement between the donor and Federation; the agreement specifies the purpose and the annual amount to be granted.
- Donor Advised Funds are board designated funds that are contributed by the donor who may recommend grants to qualified organizations; the Federation board reviews all recommendations and makes the final decision.
- Supporting Foundations (SF) are board designated funds which receive proposals for grants. Each SF board reviews the proposals and chooses qualifying organizations who will receive grants.
- Permanently restricted funds are included in net assets with donor restrictions on the consolidated statements of financial position. Permanently restricted funds are contributions from donors which Federation considers to be subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the State of Georgia. Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 a donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of Federation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of Federation
- g. The investment policies of Federation.

Federation's Investment Policy is designed to achieve an average return of 8% per year while minimizing risk. The typical endowment fund has a spending policy of 5% per year.

**JEWISH FEDERATION OF GREATER ATLANTA, INC.**

Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

**(9) Net Assets (continued)**

A rollforward of endowment funds for the years ended June 30, 2018 and 2017 is as follows:

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Endowment balance, June 30, 2017	\$ 6,228	\$ 189,619	\$ 16,910	\$ 212,757
Investment income	313	7,068	1,385	8,766
Contributions	119	191,275	325	191,719
Grants	(26)	(26,246)	(1,313)	(27,585)
Other	116	(3,316)	(309)	(3,509)
Endowment balance, June 30, 2018	6,750	358,400	16,998	382,148
All other funds	5,703	8,696	3,410	17,809
Total net assets	<u>\$ 12,453</u>	<u>\$ 367,096</u>	<u>\$ 20,408</u>	<u>\$ 399,957</u>
Endowment balance, June 30, 2016	\$ 5,329	\$ 157,181	\$ 15,198	\$ 177,708
Investment income	923	8,764	2,014	11,701
Contributions	1,536	51,355	305	53,196
Grants	(2,376)	(26,517)	(834)	(29,727)
Other	816	(1,164)	227	(121)
Endowment balance, June 30, 2017	6,228	189,619	16,910	212,757
All other funds	5,493	9,039	2,478	17,010
Total net assets	<u>\$ 11,721</u>	<u>\$ 198,658</u>	<u>\$ 19,388</u>	<u>\$ 229,767</u>

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017  
(Dollars in Thousands)

**(9) Net Assets (continued)**

A detail of the unrestricted and board designated net assets by type of fund is as follows:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Unrestricted:</b>		
Endowment Funds		
Undesignated Endowment	\$ 6,172	\$ 5,719
Other balances	578	509
Total Endowment	6,750	6,228
All Other Funds		
Property	6,101	6,297
Accumulated Pension Loss	(377)	(754)
ALEF	233	209
Other balances	(254)	(259)
Total Other Funds	5,703	5,493
Total	\$ 12,453	\$ 11,721
<b>Board Designated:</b>		
Endowment Funds		
Donor Advised Funds (A)	\$ 321,300	\$ 154,567
Supporting Foundations (B)	37,100	35,052
Total Endowment	358,400	189,619
All Other Funds		
Prior Campaign (C)	5,896	6,071
General Fund	1,687	1,723
Community Capital Campaign	55	176
ALEF Fund, Inc. (D)	7	6
Other balances	1,051	1,063
Total Other Funds	8,696	9,039
Total	\$ 367,096	\$ 198,658

(A) 418 and 402 individual funds at June 30, 2018 and 2017, respectively

(B) 8 foundations at both June 30, 2018 and 2017

(C) Funds raised during campaign of each respective year and designated for Federation operations in the succeeding year

(D) 16 schools at both June 30, 2018 and 2017

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

### (9) Net Assets (continued)

No Donor Advised Fund or Supporting Foundation represented more than 10% of Federation's total net assets at June 30, 2018 or 2017, except for one Donor Advised Fund which had net assets of \$263,526 and \$94,974 at June 30, 2018 and 2017, respectively. Included in this Donor Advised Fund were investments in LLCs (as discussed in Note 4) aggregating \$113,276 and \$94,970 at June 30, 2018 and 2017, respectively. In November 2018, all LLCs in this Donor Advised Fund were transferred to a supporting foundation not under Federation's control.

Net assets with donor restrictions are restricted for the following purposes at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Charitable remainder trusts (A)	\$ 678	\$ 678
Other restricted funds (B)	15,269	14,250
ALEF Fund, Inc (C)	7	6
Permanently restricted	4,454	4,454
	\$ 20,408	\$ 19,388

(A) 12 trusts at both June 30, 2018 and 2017

(B) 97 and 100 funds at June 30, 2018 and 2017, respectively

(C) 16 schools at both June 30, 2018 and 2017

### (10) Additional Detailed Information

Net assets released from board designated restrictions or donor temporary restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were as follows:

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Donor advised funds	\$ 21,817	\$ 20,853
Supporting foundations	2,242	2,266
ALEF	3,726	3,082
Restricted funds	2,681	2,263
Other	37	106
Total performance restrictions released	\$ 30,503	\$ 28,570

# JEWISH FEDERATION OF GREATER ATLANTA, INC.

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in Thousands)

### (10) Additional Detailed Information (continued)

A summary of expenses for Programs in the Consolidated Statement of Activities for the years ended June 30, 2018 and 2017 is as follows:

	Year Ended June 30,	
	2018	2017
Community Engagement	\$ 1,106	\$ 1,101
Community Services	421	344
Internal Outreach Programs	1,685	1,601
Israel	228	79
Jewish Federations of North America	548	550
Leadership Development	153	178
Total Programs	<u>\$ 4,141</u>	<u>\$ 3,853</u>