



**The Jewish Federation
of Greater Orlando, Inc.**

Financial Statements
Years Ended August 31, 2018 and 2017

The Jewish Federation of Greater Orlando, Inc.

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The Jewish Federation of Greater Orlando, Inc.

Contents

Independent Auditor's Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Statements of Functional Expenses	8-9
Notes to Financial Statements	10-22



Independent Auditor's Report

Board of Directors
The Jewish Federation of Greater Orlando, Inc.
Maitland, Florida

We have audited the accompanying financial statements of The Jewish Federation of Greater Orlando, Inc., which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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 Federation of Greater Orlando, Inc. as of August 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Certified Public Accountants
March 13, 2019

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Financial Statements

The Jewish Federation of Greater Orlando, Inc.

Statements of Financial Position

<i>August 31,</i>	2018	2017
Assets:		
Cash and cash equivalents	\$ 500,721	\$ 579,309
Accounts receivable, primarily from local agencies, net	115,995	148,428
Contributions receivable, net (Note 4)	288,931	524,111
Other assets	40,687	41,967
Asset held by T.O.P. Foundation (Note 5)	810,985	814,189
Interest in net assets of T.O.P. Foundation (Note 5)	2,528,615	2,495,599
Assets held under charitable gift annuities (Note 10)	255,815	265,976
Property and equipment, net (Notes 6 and 7)	4,006,201	4,044,561
Assets held for sale (Note 6)	2,612,500	2,612,500
	\$ 11,160,450	\$ 11,526,640
Liabilities:		
Accounts payable and accrued expenses	\$ 216,792	\$ 94,409
Grants and allocations payable to affiliates	101,747	72,440
Liability under charitable gift annuities (Note 10)	136,889	144,334
Long-term debt, net (Note 7)	2,742,088	3,153,502
Total liabilities	3,197,516	3,464,685
Net assets:		
Unrestricted	1,077,576	1,519,872
Unrestricted - Interest in net assets of T.O.P. Foundation	2,337,331	2,304,955
Unrestricted - Designated for property and equipment	3,876,613	3,503,559
Unrestricted - Board designated (Note 5)	168,593	168,356
Temporarily restricted (Note 9)	502,821	565,213
Total net assets	7,962,934	8,061,955
	\$ 11,160,450	\$ 11,526,640

See accompanying notes to financial statements.

The Jewish Federation of Greater Orlando, Inc.

Statements of Activities

<i>Year Ended August 31,</i>	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
Contributions	\$ 537,194	\$ —	\$ 537,194	\$ 643,719	\$ —	\$ 643,719
Contributions - capital campaign	—	126,041	126,041	349,131	67,004	416,135
Program fees and sponsorships	102,722	42,059	144,781	126,770	28,453	155,223
Rental income - local agencies (Note 2)	763,332	—	763,332	835,591	—	835,591
T.O.P. management fee income (Note 5)	136,687	—	136,687	127,295	—	127,295
Investment income (Note 3)	43,839	—	43,839	41,722	—	41,722
Miscellaneous income	35,057	—	35,057	24	—	24
Change in value of charitable gift annuities (Note 10)	—	(2,716)	(2,716)	—	(2,404)	(2,404)
Net assets released from restrictions (Note 9)	227,776	(227,776)	—	111,422	(111,422)	—
Total revenues and support	1,846,607	(62,392)	1,784,215	2,235,674	(18,369)	2,217,305
Functional expenses:						
Program services	696,285	—	696,285	356,936	—	356,936
Facility	701,950	—	701,950	860,087	—	860,087
Management and general	420,957	—	420,957	455,427	—	455,427
Fundraising	190,807	—	190,807	141,469	—	141,469
Total expenses	2,009,999	—	2,009,999	1,813,919	—	1,813,919
Change in net assets before impairment loss and change in interest in net assets of T.O.P. Foundation	(163,392)	(62,392)	(225,784)	421,755	(18,369)	403,386
Impairment loss (Note 2)	—	—	—	(1,911,873)	—	(1,911,873)
Change in interest in net assets of T.O.P. Foundation (Note 5)	126,763	—	126,763	59,489	1,936	61,425
Change in net assets	(36,629)	(62,392)	(99,021)	(1,430,629)	(16,433)	(1,447,062)
Net assets, beginning of year	7,496,742	565,213	8,061,955	8,927,371	581,646	9,509,017
Net assets, end of year	\$ 7,460,113	\$ 502,821	\$ 7,962,934	\$ 7,496,742	\$ 565,213	\$ 8,061,955

See accompanying notes to financial statements.

The Jewish Federation of Greater Orlando, Inc.

Statements of Cash Flows

<i>Year Ended August 31,</i>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (99,021)	\$ (1,447,062)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	233,803	346,949
Amortization of loan costs	7,449	7,450
Amortization of pledge discount	(12,977)	(11,799)
Bad debt expense	58,691	26,622
Income from assets held by T.O.P. Foundation	(178,608)	(166,945)
Increase in interest in net assets held by T.O.P. Foundation	(126,763)	(61,425)
Net distributions from assets held by T.O.P. Foundation	181,812	77,844
Change in accounting estimate of contributions receivable	—	134,453
Change in value of charitable gift annuities	2,716	2,404
Impairment loss	—	1,911,873
Cash provided by (used for):		
Accounts receivable, primarily from local agencies	32,433	(117,512)
Contributions receivable	189,466	186,151
Other assets	1,280	(34,959)
Distributions from interest in net assets of T.O.P. Foundation	93,747	65,417
Accounts payable and accrued expenses	122,384	46,496
Grants and allocations payable to affiliates	29,307	(67,547)
Net cash provided by operating activities	535,719	898,410
Cash flows from investing activities:		
Purchase of property and equipment	(195,443)	(194,408)
Cash flows from financing activities:		
Payments on long-term debt	(418,864)	(848,733)
Net decrease in cash and cash equivalents	(78,588)	(144,731)
Cash and cash equivalents, beginning of year	579,309	724,040
Cash and cash equivalents, end of year	\$ 500,721	\$ 579,309
Supplemental cash flow information:		
Cash paid for interest	\$ 73,868	\$ 96,774
Non-cash investing activities:		
Property and equipment transferred to assets held for sale	\$ —	\$ 2,612,500

See accompanying notes to financial statements.

The Jewish Federation of Greater Orlando, Inc.

Statement of Functional Expenses

<i>Year Ended August 31, 2018</i>			Supporting Services		Total
	Program Services	Facility	Management and General	Fundraising	
Salaries	\$ 129,015	\$ 80,000	\$ 46,343	\$ 85,024	\$ 340,382
Employee benefits	6,223	345	3,685	4,941	15,194
Payroll taxes	12,237	6,395	4,828	9,440	32,900
Total salaries and benefits	147,475	86,740	54,856	99,405	388,476
Grants and allocations to Jewish Academy of Orlando	287,871	—	—	—	287,871
Grants and allocations to affiliated organizations	156,455	—	—	—	156,455
Professional fees	32,548	45,955	57,931	22,700	159,134
Programs and events	59,538	—	1,023	53,288	113,849
Conferences	6,669	—	4,942	1,578	13,189
Advertising and marketing	135	—	29	1,065	1,229
Grants and awards	2,222	—	—	—	2,222
Occupancy costs	—	1,529	75,461	—	76,990
Facility administration	—	260,762	—	—	260,762
Bad debts	—	—	58,691	—	58,691
T.O.P. management fees	—	—	131,784	—	131,784
Bank fees	—	—	11,628	—	11,628
Insurance	—	—	3,127	—	3,127
Interest	—	73,868	—	—	73,868
Miscellaneous	2,450	3,511	4,821	2,756	13,538
Office machines (purchase, rentals and maintenance) and other maintenance	366	—	1,342	—	1,708
Office supplies	56	458	2,863	162	3,539
Postage	—	—	3,312	974	4,286
Printing	500	—	1,153	8,663	10,316
Recruiting	—	—	1,900	216	2,116
Telephone and internet	—	—	1,418	—	1,418
Total expenses before depreciation	548,810	386,083	361,425	91,402	1,387,720
Depreciation	—	229,127	4,676	—	233,803
	\$ 696,285	\$ 701,950	\$ 420,957	\$ 190,807	\$ 2,009,999

See accompanying notes to financial statements.

The Jewish Federation of Greater Orlando, Inc.

Statement of Functional Expenses

<i>Year Ended August 31, 2017</i>	Supporting Services				Total
	Program Services	Facility	Management and General	Fundraising	
Salaries	\$ 159,302	\$ 90,289	\$ 118,524	\$ 56,028	\$ 424,143
Employee benefits	7,228	500	3,772	7,584	19,084
Payroll taxes	13,184	3,432	4,456	3,929	25,001
Total salaries and benefits	179,714	94,221	126,752	67,541	468,228
Grants and allocations to affiliated organizations	101,009	—	—	—	101,009
Professional fees	24,173	70,386	98,204	10,060	202,823
Programs and events	33,743	—	3,148	48,056	84,947
Conferences	3,515	—	12,223	—	15,738
Advertising and marketing	5,220	—	3,972	1,030	10,222
Grants and awards	3,345	—	—	—	3,345
Occupancy costs	52	575	25,179	—	25,806
Facility administration	—	231,053	636	—	231,689
Bad debts	—	—	26,622	—	26,622
T.O.P. management fees	—	—	103,282	—	103,282
Bank fees	4,502	—	4,321	4,502	13,325
Insurance	—	—	11,166	—	11,166
Interest	—	94,354	2,419	—	96,773
Miscellaneous	502	—	6,584	325	7,411
Office machines (purchase, rentals and maintenance) and other maintenance	—	30,573	8,898	2,016	41,487
Office supplies	—	—	3,115	161	3,276
Postage	—	—	3,582	331	3,913
Printing	11	—	1,740	7,447	9,198
Recruiting	1,150	—	62	—	1,212
Telephone and internet	—	527	4,971	—	5,498
Total expenses before depreciation	177,222	427,468	320,124	73,928	998,742
Depreciation	—	338,398	8,551	—	346,949
	\$ 356,936	\$ 860,087	\$ 455,427	\$ 141,469	\$ 1,813,919

See accompanying notes to financial statements.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

1. Nature of Activities

The Jewish Federation of Greater Orlando, Inc. (the "Federation") is a not-for-profit organization formed to provide social, financial, and human resource services to affiliated Jewish organizations in the Central Florida Jewish Community. The Federation's primary mission is to foster and enhance the Jewish Community's relationship with the State of Israel while promoting both the welfare and education of Jews in Central Florida.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents includes all highly liquid debt instruments purchased with a maturity of three months or less.

Financial Instruments

The Federation reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 unobservable inputs (Level 3 measurements).

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

The three levels of the fair value hierarchy are described below:

Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts receivable, contributions receivable due in one year or less, accounts payable and accrued expenses and grants and allocations payable to affiliates. The fair value of long-term debt is estimated based on the current rates that would be available for debt of similar terms which is not significantly different from its stated value.

Level 1 financial assets include assets held under charitable gift annuities held by Jewish Federation of North America (see Note 10) and consist of pooled investments in money market funds, bonds and equity securities.

The Federation's Level 2 financial assets include contributions receivable due in more than one year, as shown in Note 4, which are recorded at their net present value using U.S. Treasury rates in effect at the date the contribution was made based on the number of years the pledge will be paid. Level 2 financial assets also include assets held by T.O.P. Foundation and an interest in net assets of T.O.P. Foundation as shown in Note 5. These assets are held by T.O.P. Foundation and consist of pooled investments in money market funds, bonds and equity securities.

Level 2 financial liabilities include the liability under charitable gift annuities which are recorded at their net present value based on future estimated cash flows and actuarial assumptions.

The Federation has no Level 3 financial assets or liabilities.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Charitable Gift Annuities

Assets held under charitable gift annuities are held and invested by the Jewish Federation of North America and are recorded at fair value when received. The present value of the estimated future payments to the named beneficiaries is recorded as a liability under charitable gift annuities. The difference between these amounts is recorded as temporarily restricted contributions. Income earned on charitable gift annuities, including realized and unrealized gains and losses, and adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recorded as change in value of charitable gift annuities in the statements of activities. Upon death of the beneficiaries, the assets, net of any related liabilities, are released from restriction and reclassified to unrestricted net assets.

Accounts Receivable

Accounts receivable primarily represent amounts due from local agencies for rental income and is recognized and billed on a monthly basis based on tenant occupancy. The Federation periodically evaluates collections based on historical experience and records an allowance when necessary. The allowance for uncollectible accounts receivable was \$586,493 and \$298,622 as of August 31, 2018 and 2017, respectively.

Property and Equipment

Property and equipment are stated at cost except for donated property which is stated at the estimated fair value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved, and any gain or loss included in operations.

Impairment of Long-Lived Assets and Assets Held for Sale

The Federation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

In August 2017, the Federation's Board of Directors made the decision to sell a portion of the land and building and equipment on the Federation's campus. As a result, the Federation recorded an impairment loss of \$1,911,873 related to this property held for sale, which is included in the accompanying statement of activities during the year ended August 31, 2017. Fair value for this property was based on a sales offer for the property. As of the date of these financial statements, the Federation has not sold this property. There was no impairment loss recognized during the year ended August 31, 2018.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Grants and Allocations Payable and Affiliates

Grants and allocations payable to affiliates represent grants approved by the Board of Directors to affiliated Jewish organizations overseas based on allocations of the organization's fair share dues required by the Jewish Federation of North America.

Loan Costs

Loan costs are amortized using the straight-line method which approximates the effective interest method, over the term of the debt instrument and are presented as a direct deduction from the debt liability, consistent with the presentation of a debt discount.

Net Assets

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of the Federation. Temporarily restricted net assets represent those amounts which are not available until future periods or are donor restricted for specific purposes. Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. The Federation did not have any permanently restricted net assets at August 31, 2018 and 2017.

Contributions and Donor-Imposed Restrictions

Unconditional promises to give are recognized as contributions in the period received at their fair value. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date received. Contributions to be received beyond one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue.

Revenues and support are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction. If a temporary restriction is fulfilled in the same time period in which the contribution is received, the Federation reports the support as unrestricted.

Revenue Recognition

Program fees and sponsorships are recognized as revenue when the related program or event takes place.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Rental Income and Commitments

The Federation acts as a landlord and rents space in its buildings on the Maitland campus to other Jewish non-profit affiliates under lease agreements which mature on various dates from 2025 to 2027. Operating rent is charged based on square footage occupied and other costs are charged related to debt service on the buildings, major reserves for capital replacement and information technology expenses. Rental income from local agencies consists of the following:

<i>Year Ended August 31,</i>	2018	2017
Operating and maintenance	\$ 348,827	\$ 389,494
Debt service costs	278,411	278,411
Major reserves	136,094	136,094
Information technology	—	31,592
	\$ 763,332	\$ 835,591

Functional Expenses

Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on their relative functional activity.

Income Taxes

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code.

The Federation identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Federation has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Federation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Federation's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Accounting Pronouncements Issued but Not Yet Adopted

Financial Statement Presentation of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Federation's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Federation is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Contributions Received and Contributions Made

In June 2018 the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. The Federation is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Federation is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

3. Investment Income

Investment income consists of the following:

<i>Year Ended August 31,</i>	2018	2017
Investment income from assets held by T.O.P. Foundation:		
Interest income	\$ 13,694	\$ 11,246
Net realized and unrealized gain	28,227	28,404
Investment income from assets held by T.O.P. Foundation	41,921	39,650
Other interest income	1,918	2,072
Total investment income	\$ 43,839	\$ 41,722

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

4. Contributions Receivable

Contributions receivable are unconditional promises to give and are recorded when the promises to contribute are made. Contributions receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Federation provides an allowance for uncollectible contributions at the time revenues are recorded and re-evaluates and adjusts the allowance periodically based on historical collection experience. Contributions receivable are due as follows:

<i>August 31,</i>	2018	2017
Less than one year	\$ 303,799	\$ 461,009
One to five years	1,250	40,715
Due beyond five years	—	60,051
	<u>305,049</u>	<u>561,775</u>
Less: allowance for doubtful accounts	(13,401)	(21,970)
Less: present value discount at 3.4% - 12.8%	(2,717)	(15,694)
	<u>\$ 288,931</u>	<u>\$ 524,111</u>

5. T.O.P. Jewish Foundation, Inc.

T.O.P. Jewish Foundation Inc., (T.O.P. or T.O.P. Foundation) is a financially interrelated organization established by the Jewish Federations of Tampa, Orlando and Pinellas to enhance fund-raising for the three federations. T.O.P. receives gifts, bequests and contributions for the purpose of using, distributing and investing the principal and/or income for charitable, educational and religious purposes within the Jewish community. Each of the three federations is represented on the Board of T.O.P. and appoints trustees to serve on the grant committee.

The three federations share in certain expenses of T.O.P. The Federation recorded \$131,784 and \$103,282 of management fee expense for their share during the years ended August 31, 2018 and 2017, respectively, and is shown as T.O.P. management fees in the accompanying statements of functional expenses.

The Federation accounts for assets transferred to T.O.P. and its interest in the net assets of T.O.P. in accordance with FASB Accounting Standards "Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others" as follows:

Assets Held by T.O.P. Foundation

The Federation has transferred assets to T.O.P. for which the principal and investment returns are to be used for various operating needs. These are considered managed funds and are recorded as Assets Held by T.O.P. Foundation on the accompanying statements of financial position. The Federation earns management fees and investment income on these managed funds which are recorded as investment income (see Note 3).

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Assets held by T.O.P. Foundation include \$168,593 and \$168,356 as of August 31, 2018 and 2017, respectively, designated by the Board of Directors for certain programs.

Interest in Net Assets of T.O.P. Foundation

The Federation's interest in the net assets of T.O.P. Foundation as recorded on the accompanying statements of financial position includes assets received and held by T.O.P. for which the Federation is specified as the beneficiary and are accounted for similar to the equity method since the Federation and T.O.P. are considered financially interrelated organizations for accounting purposes. These assets include donor advised or endowment funds from which the Federation or a third party receives distributions as specified by the donor. The change in interest in net assets is recorded as unrestricted if the Federation has variance power or is the party designated to receive unrestricted distributions and as temporarily restricted if the distributions are restricted for third parties or a specific purpose. The change in value of these assets is recorded as change in interest in net assets of T.O.P. Foundation on the accompanying statements of activities.

Changes in the Federation's assets held by T.O.P. Foundation and interest in net assets of T.O.P. Foundation are as follows:

	Assets Held By T.O.P. Foundation	Interest in Net Assets of T.O.P. Foundation
Balance, August 31, 2016	\$ 725,088	\$ 2,499,591
Contributions	32,514	19,450
Net realized / unrealized gains	28,404	97,873
Interest income	11,246	40,508
Management fee income (expense)	127,295	(23,919)
Distributions to third parties	—	(72,487)
Distributions to the Federation	(110,358)	(65,417)
Balance, August 31, 2017	814,189	2,495,599
Contributions	25,417	11,353
Net realized / unrealized gains	28,227	109,127
Interest income	13,694	41,587
Management fee income (expense)	136,687	(23,922)
Distributions to third parties	—	(11,382)
Distributions to the Federation	(207,229)	(93,747)
Balance, August 31, 2018	\$ 810,985	\$ 2,528,615

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Philanthropic Funds of T.O.P. Foundation

The Federation is also specified as the beneficiary in certain philanthropic funds received by T.O.P. However, T.O.P. has variance power over these funds which gives T.O.P. the ability to distribute these funds to beneficiaries other than the Federation. Therefore, the Federation does not record the beneficial interest in these funds in its financial statements until they are distributed to the Federation, at which time they are recorded as contributions.

6. Property and Equipment

Property and equipment are comprised of the following:

<i>August 31,</i>	Useful Life	2018	2017
Land and improvements	15-30 years	\$ 720,654	\$ 720,654
Buildings and improvements	5-40 years	10,400,324	10,215,284
Furniture and equipment	3-15 years	644,146	641,182
		11,765,112	11,577,120
Less accumulated depreciation		(7,758,911)	(7,532,559)
		\$ 4,006,201	\$ 4,044,561

During 2017, the Federation transferred land and buildings and equipment with a cost of \$6,417,130 and accumulated depreciation of \$1,897,600 to assets held for sale as a result of the Board's decision to sell certain property.

7. Long-Term Debt

In April 2013, the Federation refinanced the principal balances of a tax-exempt bond of \$4,070,000, a taxable bond of \$750,000, an interest rate swap termination fee of \$857,657 and closing costs of \$112,343 into two notes payable ("Term Loan A and Term Loan B") with a bank (the "Term Loans"). The original principal amounts for Term Loan A and Term Loan B were \$4,070,000 and \$1,720,000, respectively, and accrue interest at rates of 2.45% and at 3.75%, respectively. Principal payments under the term loans are due monthly with a balloon payment due when the Term Loans mature on March 31, 2023. There is no prepayment penalty. The Term Loans are subject to certain financial covenants and are collateralized by property and equipment of the Federation. The Federation was not in compliance with one of these covenants for the year ended August 31, 2018, and the debt holder has waived the requirement as of August 31, 2018.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

The outstanding balance of Term Loan B was paid off during fiscal 2017. The outstanding balance of Term Loan A was \$2,779,343 as of August 31, 2018. Principal payments due on Term Loan A are payable over future years are as follows:

Year Ending August 31,

2019	\$	192,529
2020		197,299
2021		202,188
2022		207,197
2023		1,980,130
		<hr/>
		2,779,343
Debt discount, net of accumulated amortization of \$37,251		(37,255)
		<hr/>
Total	\$	2,742,088

8. South Orlando Campus Sale

On October 8, 2014, the Federation sold assets located at 1184 S. Apopka-Vineland Road in Orlando ("the Jewish Community Center in South Orlando") to the Harris Rosen Foundation ("the Foundation") for \$500,000. These assets included land, a building to be operated as a Jewish Community Center in perpetuity and all furniture, fixtures and equipment. At the date of sale, these assets had a net book value of \$4,996,631. The difference between the sales price and the net book value of \$4,496,631 was recorded in fiscal year 2015 as a grant to the Foundation. The Foundation was the largest and main contributor to the capital campaign that built the Jewish Community Center in South Orlando, donating \$5,108,712. The Center has been named after Harris Rosen's parents and is known as the "Rosen JCC".

In connection with the sale, the Foundation and the Federation agreed to the following:

Restriction on Future Debt

The Federation agrees to not incur any additional capital debt until the existing liability on the Maitland Campus is retired (see Note 7), with the exception of unforeseen events or emergencies as defined by the agreement.

Conditional Pledge from the Foundation

The Foundation agrees and promises to contribute \$1,000,000 to the Federation, to be paid on a dollar-for-dollar matching basis as the Federation raises \$1,000,000 in capital contributions by the Orlando Jewish Community through the Federation within three years from the public announcement of the start of the capital campaign which was April 2016. As of August 31, 2018, the Federation has raised approximately \$696,000 in matching contributions. During fiscal 2018 and 2017, the Federation recorded \$142,246 and \$214,384, respectively, of matching contributions which is based on capital pledge payments received during the fiscal year.

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

Right of First Refusal

In the event that the Foundation receives an offer to purchase the property that the Foundation is willing to accept, the Federation shall have the right of first refusal to purchase the property at a price equal to \$500,000, plus applicable cost of living increase from the date of closing.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<i>August 31,</i>	2018	2017
RAISE Program	\$ 120,242	\$ 111,992
Beit Hamadrash Travel Program	18,500	18,500
Charitable gift annuities (Note 10)	118,926	121,642
Campus 2020 contributions receivable	53,869	122,435
Interest in net assets of T.O.P. Foundation:		
Jewish Family Services	86,701	86,571
JFS Scholarship Fund	49,403	46,882
Ohev Shalom Memorial Fund	21,393	23,219
Holocaust Memorial Resource and Education Center of Florida	19,006	18,976
Jewish Academy of Orlando Judaica Collection Endowment Fund	14,781	14,996
	\$ 502,821	\$ 565,213

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

<i>Year Ended August 31,</i>	2018	2017
Campus 2020	\$ 201,412	\$ 209,895
RAISE Program	33,809	25,573
Transfer of charitable gift annuities from unrestricted net assets	(7,445)	(124,046)
	\$ 227,776	\$ 111,422

The Jewish Federation of Greater Orlando, Inc.

Notes to Financial Statements

10. Assets Held Under Charitable Gift Annuities

The assets and liabilities related to the charitable gift annuities are as follows:

	Assets Held Under Charitable Gift Annuities	Liabilities Under Charitable Gift Annuities	Temporarily Net Assets
August 31, 2018	\$ 255,815	\$ 136,889	\$ 118,926
August 31, 2017	\$ 265,976	\$ 144,334	\$ 121,642

During fiscal 2018 and 2017, there were no releases from restrictions upon the death of beneficiary and the value of charitable gift annuities decreased by \$2,716 and \$2,404, respectively.

11. Subsequent Events

The Federation has evaluated events and transactions occurring subsequent to August 31, 2018 as of March 13, 2019, which is the date the financial statements were available to be issued. Subsequent events occurring after March 13, 2019 have not been evaluated by management. No material events have occurred since August 31, 2018 that require recognition or disclosure in the financial statements, except as follows:

In October 2018, the Federation entered into an Agreement of Purchase and Sale to sell a portion of its campus for \$2,850,000 recorded as assets held for sale as of August 31, 2018 on the accompanying statement of financial position. The sale has not closed as of March 13, 2019, as the conditions for closing pursuant to the Agreement of Purchase and Sale have not yet been met.