

Consolidated Financial Statements and Supplemental Schedules For the Years Ended August 31, 2016 and 2015 With Independent Auditor's Report



JEWISH FEDERATION OF GREATER PHILADELPHIA AND SUBSIDIARY August 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors Jewish Federation of Greater Philadelphia and Subsidiary

We have audited the accompanying consolidated financial statements of the Jewish Federation of Greater Philadelphia and Subsidiary (collectively referred to hereafter as the Organization), which comprise the consolidated statements of financial position as of August 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 consolidated financial statements made by managements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2016 and 2015, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements to the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mitchell : Titus, LLP

February 24, 2017

Consolidated Statements of Financial Position As of August 31, 2016 and 2015 (In thousands)

	 2016	 2015
ASSETS <i>Current assets</i> Cash and cash equivalents Assets held under revocable trust agreements Pledges receivable, net Customer accounts receivable, net Prepaid expenses and other current assets	\$ 9,922 13,308 3,762 1,596 365	\$ 10,184 12,714 5,079 1,516 308
Total current assets	28,953	29,801
Pledges receivable, noncurrent, net Land, buildings, and equipment, net Assets held under charitable remainder trust agreements Long-term investments Nonparticipating assets Other assets	 277 35,011 2,586 207,255 22,439 3,207	 340 36,166 2,691 194,330 28,166 2,956
Total assets	\$ 299,728	\$ 294,450

(Continues)

Consolidated Statements of Financial Position *(continued)* As of August 31, 2016 and 2015 *(In thousands)*

	 2016	 2015		
LIABILITIES AND NET ASSETS				
Current liabilities				
Grants payable	\$ 9,015	\$ 9,526		
Donor-restricted liabilities	106	703		
Accounts payable and accrued expenses	6,884	7,611		
Line of credit borrowings	4,130	3,200		
Current portion of long-term debt	234	347		
Liabilities under revocable trust agreements	13,308	12,714		
Current portion of liabilities under charitable remainder				
trust agreements	210	222		
Current portion of liabilities under charitable gift annuities	371	375		
Deferred revenue	 438	 384		
Total current liabilities	34,696	35,082		
Long-term debt, net of current portion	38,512	38,777		
Long-term portion of liabilities under charitable remainder				
trust agreements	1,164	1,232		
Long-term portion of liabilities under charitable gift annuities	2,937	2,869		
Accrued pension benefit costs	23,380	18,418		
Other noncurrent liabilities	 1,281	 1,394		
Total liabilities	 101,970	 97,772		
Net assets				
Unrestricted	98,559	100,754		
Temporarily restricted	58,599	56,572		
Permanently restricted	 40,600	 39,352		
Total net assets	 197,758	 196,678		
Total liabilities and net assets	\$ 299,728	\$ 294,450		

Consolidated Statement of Activities For the Year Ended August 31, 2016 (In thousands)

	2016							
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total				
Public support and revenue								
Public support								
Campaign pledges	\$ 15,829	\$ 4,011	\$-	\$ 19,840				
Grants to campaigns from philanthropic and	φ 10,020	φ ,,,,,,,,	Ŷ	φ ισμοιο				
endowment funds	(2,719)	-	-	(2,719)				
Amounts raised on behalf of others	(_,: : : ;)	(280)	-	(280)				
Other contributions and bequests	6,088	576	948	7,612				
Contribution income - nonparticipating assets	427	-	300	727				
Contribution income - nonparticipating assets				121				
Total public support	19,625	4,307	1,248	25,180				
Revenue								
Advertising revenue—Exponent	2,124	-	-	2,124				
Subscription revenue—Exponent	120	-	-	120				
Investment income	2,504	779	-	3,283				
Realized and unrealized gains	4,701	3,270	-	7,971				
Change in value	1,701	0,210		1,011				
Nonparticipating assets	3,688	1,521	_	5,209				
Charitable remainder trust agreements	0,000	33	_	33				
Charitable gift annuities	(382)			(382)				
Other income	3,045			3,045				
In-kind contributions	3,045 996	-	-	3,045 996				
	990			990_				
Total revenue	16,796	5,603		22,399				
Net assets released from restrictions	7,883	(7,883)						
Total public support and revenue	44,304	2,027	1,248	47,579				
Program allocations and expenses								
Program allocations and expenses								
Grants and allocations								
Jewish Continuity	4,931	-	-	4,931				
Safety Net	4,550	-	-	4,550				
Other Community Services	625	-	-	625				
Designated campaign support	020			020				
Jewish Continuity	1,474	-	-	1,474				
Safety Net	2,057	_	_	2,057				
Philanthropic fund support	5,439	-	-	5,439				
Direct endowment fund support	3,093	-	-	3,093				
••		-	-					
Program operations	8,288	-	-	8,288				
Other program support	206			206				
Total program allocations and expenses	30,663			30,663				

(Continues)

Consolidated Statement of Activities *(continued)* For the Year Ended August 31, 2016 *(In thousands)*

	2016							
	Unrestricted		Temporarily Restricted		Permanently Restricted			Total
Expenses								
Jewish Federation								
Financial resource development	\$	5,206	\$	-	\$	-	\$	5,206
Supporting services, management, and general		2,562		-		-		2,562
Provision for uncollectibles		378		-		-		378
Unrelated business income tax		202		-		-		202
Total Jewish Federation expenses		8,348				-		8,348
Total program allocations and								
Jewish Federation expenses		39,011		-		-		39,011
Exponent								
Production		889		-		-		889
Editorial		449		-		-		449
Administration		427		-		-		427
Sales and office		723		-		-		723
Total Exponent expenses		2,488		-		-		2,488
Total program allocations and expenses		41,499		-		-		41,499
Change in net assets from operations		2,805		2,027		1,248		6,080
Other changes in net assets								
Pension-related changes other than net periodic								
pension costs		(4,962)		-		-		(4,962)
Loss on interest rate swap agreements		(38)		-		-		(38)
Total other changes in net assets		(5,000)		-				(5,000)
Change in net assets		(2,195)		2,027		1,248		1,080
Net assets, beginning of year		100,754		56,572		39,352		196,678
Net assets, end of year	\$	98,559	\$	58,599	\$	40,600	\$	197,758

Consolidated Statement of Activities For the Year Ended August 31, 2015 (In thousands)

	2015							
	Unrest	Unrestricted		nporarily stricted		nanently stricted		Total
Public support and revenue								
Public support								
Campaign pledges	\$ 1	6,001	\$	4,763	\$	-	\$	20,764
Grants to campaigns from philanthropic and	¥ .	0,001	Ψ	1,1 00	Ŷ		Ψ	20,101
endowment funds		(2,380)		-		-		(2,380)
Amounts raised on behalf of others		-		(923)		_		(923)
Other contributions and bequests		7,866		1,519		2,567		11,952
Contribution income - nonparticipating assets		95 95		-		2,007		95
Contribution income - nonparticipating assets		35						30
Total public support	2	21,582		5,359		2,567		29,508
Revenue								
Advertising revenue—Exponent		2,458		-		-		2,458
Subscription revenue—Exponent		143		-		-		143
Investment income		2,598		698		-		3,296
Realized and unrealized losses		(4,984)		(4,744)		-		(9,728)
Change in value		(1,001)		(,, , , , , , , , , , , , , , , , , ,				(0,1 = 0)
Nonparticipating assets		1,671		304		-		1,975
Charitable remainder trust agreements		-		(96)		_		(96)
Charitable gift annuities		176		-		_		176
Other income		2,621		_		_		2,621
In-kind contributions		1,077		_		_		1,077
		1,077						1,077
Total revenue		5,760		(3,838)				1,922
Net assets released from restrictions		7,347		(7,337)		(10)		-
Total public support and revenue	3	34,689		(5,816)		2,557		31,430
Program allocations and expenses								
Program allocations and expenses								
Grants and allocations								
Jewish Continuity		5,149		-		-		5,149
Safety Net		5,052		_		-		5,052
Other Community Services		676		_		_		676
Designated campaign support		010						010
Jewish Continuity		1,886		_		_		1,886
Safety Net		2,008		_		_		2,008
Philanthropic fund support		2,008 6,661		_		-		2,008 6,661
Direct endowment fund support		2,439		-		-		
		-		-		-		2,439
Program operations		8,133		-		-		8,133
Other program support		193						193
Total program allocations and expenses	3	32,197		-		-		32,197

(Continues)

Consolidated Statement of Activities *(continued)* For the Year Ended August 31, 2015 *(In thousands)*

	2015																			
	Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted			nporarily estricted		manently stricted		Total
Expenses																				
Jewish Federation																				
Financial resource development	\$	5,406	\$	-	\$	-	\$	5,406												
Supporting services, management, and general		2,887		-		-		2,887												
Provision for uncollectibles		646		-		-		646												
Unrelated business income tax		172		-				172												
Total Jewish Federation expenses		9,111		-				9,111												
Total program allocations and																				
Jewish Federation expenses		41,308		-		-		41,308												
Exponent																				
Production		1,250		-		-		1,250												
Editorial		745		-		-		745												
Administration		493		-		-		493												
Sales and office		797		-		-		797												
Total Exponent expenses		3,285		-				3,285												
Total program allocations and expenses		44,593		-				44,593												
Change in net assets from operations		(9,904)		(5,816)		2,557		(13,163)												
Other changes in net assets																				
Pension-related changes other than net periodic																				
pension costs		(5,703)		-		-		(5,703)												
Gain on interest rate swap agreements		50		-		-		50												
Total other changes in net assets		(5,653)		-		-		(5,653)												
Change in net assets		(15,557)		(5,816)		2,557		(18,816)												
Net assets, beginning of year		116,311		62,388		36,795		215,494												
Net assets, end of year	\$	100,754	\$	56,572	\$	39,352	\$	196,678												

Consolidated Statements of Cash Flows For the Years Ended August 31, 2016 and 2015 *(In thousands)*

	 2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 1,080	\$	(18,816)
Adjustments to reconcile change in net assets to net cash	,	•	(- / /
provided by operating activities			
Realized and unrealized losses/gains on investments	(7,971)		9,728
Change in value—nonparticipating assets	(5,209)		(1,975)
Change in value—charitable remainder trust agreements	(33)		96
Change in value—charitable gift annuities	382		(176)
(Gain) loss on interest rate swap agreements	38		(50)
Depreciation	1,296		1,356
Provision for uncollectible pledges	378		646
Contribution of nonparticipating assets	(727)		(95)
Permanently restricted contributions	948		(2,567)
Changes in operating assets and liabilities			
(Increase) decrease in	<i>i</i>		
Assets held under revocable trust agreements	(594)		411
Pledges receivable	1,002		44
Customer accounts receivables, prepaid expenses and			
other current assets	(137)		188
Other assets	(251)		169
Nonparticipating assets	11,663		3,852
Increase (decrease) in			(0, 40, 4)
Grants payable	(511)		(2,424)
Donor-restricted liabilities	(597)		474
Accounts payable and accrued expenses	(727) 594		4,286
Liabilities under revocable trust agreements	594 54		(411)
Deferred revenue	-		(77)
Liabilities under charitable gift annuities	(318) 4,962		(345)
Accrued pension benefit costs Other noncurrent liabilities	,		5,703 116
	 (151)		110
Net cash provided by operating activities	 5,171		133

(Continues)

Consolidated Statements of Cash Flows *(continued)* For the Years Ended August 31, 2016 and 2015 *(In thousands)*

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES Purchases of investments Proceeds from sales and distributions of investments Purchase of building and equipment	\$ (18,761) 13,807 (141)	\$ (34,393) 34,779 (586)
Net cash used in investing activities	(5,095)	(200)
CASH FLOWS FROM FINANCING ACTIVITIES Line of credit borrowings/payments, net	930	(2,536)
Repayments of long-term debt Proceeds from long-term debt Change in assets under charitable remainder trust agreements	(422) 44 138	(316) 85 257
Change in liabilities under charitable remainder trust agreements Proceeds from permanently restricted contributions	(80) (948)	(218) 2,567
Net cash used in financing activities	(338)	(161)
Net decrease in cash and cash equivalents	(262)	(228)
Cash and cash equivalents, beginning of year	10,184	10,412
Cash and cash equivalents, end of year	\$ 9,922	\$ 10,184
SUPPLEMENTAL CASH FLOW INFORMATION Cash paid during the year for interest	\$ 1,083	\$ 1,137

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Jewish Federation of Greater Philadelphia and Subsidiary (the Organization) consist of the Jewish Federation of Greater Philadelphia (the Jewish Federation) and the Jewish Publishing Group (the Jewish Exponent).

The Jewish Federation has received a determination letter from the Internal Revenue Service (IRS) stating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Jewish Federation is the hub of Greater Philadelphia's Jewish community through giving, inclusion and tradition. Through philanthropists, organizations, volunteers, and staff, the Jewish Federation fills three key roles: community convener, fundraiser and grant maker. The Jewish Federation mobilizes financial and volunteer resources to address the communities' most critical priorities locally, in Israel and around the world.

The Jewish Exponent publishes a weekly newspaper (the *Jewish Exponent*) and an annual *Guide to Jewish Philadelphia*, which are distributed in the Philadelphia metropolitan-area Jewish community.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Jewish Federation and the Jewish Exponent. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

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

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents represent cash in banks and investment portfolios, money market funds, and other highly liquid investments with an original maturity of three months or less. At August 31, 2016 and 2015, the Organization had deposits in money market funds of approximately \$8,354 and \$9,727, respectively, which are included in cash and cash equivalents.

Assets and Liabilities under Revocable Trust Agreements

Revocable trust agreements represent funds held and invested for other not-for-profit organizations by the Jewish Federation, which is also the trustee of these funds. These funds may be revoked at will by these third parties; therefore, a liability for the fair value of these funds has been recorded. The receipt, allocation of investment gains and losses, and subsequent distribution of these funds are accounted for as pass-through transactions and thus are not reflected in the accompanying statement of activities.

Pledges Receivable

Pledges receivable generally represents amounts receivable from donors for the Jewish Federation's Jewish Community Fund campaign and other ongoing campaigns. Pledges receivable expected to be collected after one year are discounted at a risk-free rate of return. Management determines the allowance for uncollectible accounts based on historical collections experience and its estimate of realization of the underlying pledges. Individual pledges are written off when deemed uncollectible. Pledges are recorded at their fair value when received. Fair values are measured based on the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The fair value measurements also include consideration of the donors' credit risk.

Customer Accounts Receivable

The Jewish Federation's customer accounts receivable relates to amounts due from tenants at the Schwartz Campus and other trade receivables. The Jewish Exponent's customer accounts receivable are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to the aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. Interest is not recorded on any past due balances.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land, Buildings, and Equipment, net

The Jewish Federation capitalizes all buildings and equipment purchased with a cost of five thousand dollars or more and a useful life beyond one year. Land, buildings, and equipment are recorded at cost. Buildings and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets as follows:

Buildings	30 to 40 years
Building alterations	15 to 20 years
Furniture and equipment	7 years
Computer equipment	3 to 5 years

Donated property and equipment are recorded at fair value at the date of the receipt and then recorded as unrestricted at the date the asset is placed in service, unless the donor stipulates otherwise. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and the resultant gain or loss is recorded in the period of disposal.

The Jewish Federation reviews its property for impairment when facts or circumstances indicate a potential impairment, and for the years ended August 31, 2016 and 2015, there were no adjustments made for impairment losses.

Charitable Remainder Trusts

Contributions made through the establishment of charitable remainder trusts with the Jewish Federation are accounted for as temporarily restricted public support when the trust agreements are executed. Amounts held in trust by others are recorded as beneficial interest in charitable remainder trusts at the present value of the estimated amounts expected to be received upon distribution of these trusts.

Assets under charitable remainder trusts are recorded at the fair value of the related trust assets, and liabilities under the charitable remainder trusts are recorded at the present value of the estimated payments to the outside beneficiaries. Estimated life expectancy is determined using IRS mortality tables. The liabilities are adjusted annually for amortization of discount and changes in actuarial assumptions. These adjustments are recorded as changes in value of charitable remainder trusts. The Jewish Federation records the present value of the charitable remainder interest discounted at rates of approximately 2%, which is based on current market conditions.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charitable Gift Annuities

Contributions under charitable gift annuity arrangements are recorded at the fair value of the related assets, less liabilities under the charitable gift annuities recorded at the present value of the estimated payments to the beneficiaries. Estimated life expectancy is determined using IRS mortality tables. The liabilities are adjusted annually for amortization of discount and changes in actuarial assumptions. These adjustments are recorded as changes in value of charitable gift annuities. The Jewish Federation records the present value of the estimated payments to beneficiaries discounted at rates of approximately 2%, which is based on current market conditions. Assets held under charitable gift annuities are included in long-term investments in the consolidated statements of financial position.

Long-Term Investments

Investments are stated at fair value in the accompanying statements of financial position. Gains and losses on investments, including unrealized gains and losses, are reported as increases or decreases in unrestricted net assets unless the use of the investment or income is limited by law or donor-imposed restriction. Donor-restricted income is reported as an increase in temporarily restricted investment income in accordance with donor stipulations.

Nonparticipating Assets

Nonparticipating assets generally represent noncash contributions from donors that are to be used for funding purposes once such assets have been converted into cash. Nonparticipating assets are recorded as public support when received. Such assets are recorded at fair value at the date of contribution.

Other Assets

Other assets consist primarily of the cash surrender value of life insurance policies on Jewish Federation donors. The Jewish Federation is both the owner and beneficiary of 78 and 74 life insurance policies, respectively, at August 31, 2016 and 2015. The approximate face value of the policies is \$38,850 and \$35,700 at August 31, 2016 and 2015, respectively.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Payable

Program allocations/grants are approved annually in the program allocation process by the Finance Committee; the Policy, Strategy, and Funding Committee; the Board of Directors; and the Board of Trustees. The grants payable are recorded based on the approved amounts (normally approved in May) to be paid the following fiscal year. Amounts approved to fund Jewish Federation run programs are recognized in the period the expense is incurred.

Donor-Restricted Liabilities

Donor-restricted liabilities represent amounts payable to third parties for amounts raised on behalf of others. The Jewish Federation does not have the right to redirect these funds.

Campaign Pledges / Other Contributions and Bequests

Campaign Pledges and Other Contributions and Bequests are recognized when the donor makes a promise to the Jewish Federation that is unconditional. Conditional promises to give are only recognized when the conditions on which they depend are substantially met. There were no conditional contributions for the years ended August 31, 2016 and 2015. Campaign Pledges and Other Contributions and Bequests received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets and reported in the statement of activities as net assets released from restrictions.

The Jewish Federation conducts a fundraising campaign ending December 31 each year. Pledges made during the Jewish Federation's 12 month fiscal year, which may include multiple campaign years, are recorded as public support in the fiscal year the pledge is made. Fundraising campaigns may cross fiscal years.

Grants to Campaigns from Philanthropic and Endowment Funds

With consideration given to the nonbinding recommendations of the donors, philanthropic funds of the Jewish Federation may be distributed, at the Jewish Federation's discretion, to the Jewish Federation for its campaigns. In addition, certain endowment funds have been established by donors to provide a distribution to fulfill their annual Jewish Federation campaign gift in perpetuity. As the philanthropic and endowment fund contributions are already included in the net assets of the Jewish Federation, such amounts distributed in the current year are reflected as a reduction of public support.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts Raised on Behalf of Others

Amounts raised on behalf of others represent funds raised in conjunction with the Jewish Federation's annual campaign but were donor-restricted to other agencies/charities. The Jewish Federation does not have the right to redirect these funds; thus, these amounts are reflected as a reduction of public support and included as a donor-restricted liability.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair value at the date of donation within the appropriate statement of activities line item.

In-kind Contributions

Donations of materials and services for events, food for the Mitzvah Food Project, and other materials and supplies are recorded as contributions at their fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose.

Fair Value of Financial Instruments

Fair value for marketable securities is determined by the quoted market price of the investment or net asset value for mutual funds. Alternative investments (which include real estate, private equity, hedge, and structured finance funds) are stated at fair value using the net asset value of the underlying securities as determined in good faith by the Organization's management by taking into consideration financial data and projections provided by the fund managers or general partners and such other factors that management deems relevant.

At August 31, 2016 and 2015, the fair value of cash and cash equivalents, receivables, investments, nonparticipating assets and long-term debt in the aggregate approximate their respective carrying amounts. The fair value of cash equivalents and investments is based on quoted market prices of the underlying securities. The carrying value of all other financial instruments approximates fair value.

Credit and Financial Risk

Substantially all promises to give are derived from individual donors. All of these receivables are unsecured. The Jewish Federation's and Jewish Exponent's customer accounts receivable are also unsecured.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit and Financial Risk (continued)

The Jewish Federation maintains its cash in bank deposit accounts, which periodically may exceed federally insured limits. The Jewish Federation has not experienced any losses in such accounts. The Jewish Federation believes it is not exposed to any significant financial risk on cash.

The Jewish Federation invests in a professionally managed portfolio that contains mutual funds, asset-backed securities, bonds, and alternative investments. Such investments are exposed to several risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

Interest Rate Swap Agreements

The Jewish Federation participates in interest rate swap agreements, which are a derivative financial instrument required to be recorded at fair value. The Jewish Federation recognizes such derivative financial instruments as either assets or liabilities at their fair value in the statements of financial position, with the changes in the fair value reported in the current period.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The operating expenses of the Jewish Federation have been allocated among: Program Service; Supporting Services, Management and General; and Financial Resource Development.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*; which changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. The ASU requires an amended presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources and changes in those resources. The amendments are effective for the Organization's fiscal year ending August 31, 2019, with early adoption permitted.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In May 2014, the FASB issued new guidance related to Revenue from Contracts with Customers. This guidance supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Accounting Standards Codification. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also expands the footnote disclosure requirements around contracts with customers. An entity can either adopt retrospectively to each prior reporting period presented, or elect a modified retrospective approach with the cumulative effect of initially applying the update recognized at the date of initial application. The guidance will be effective for the Organization as of September 1, 2019.

Prior Period Adjustments and Reclassifications

The Jewish Federation adjusted its previously issued financial statements for the year ended August 31, 2015 to correct certain immaterial errors related to its accounting for Program Allocation Grants which the Jewish Federation administers internally. The adjustments affected beginning net assets as of September 1, 2014, and certain amounts in the Statement of Activities and Statement of Financial Position for the year ended August 31, 2015.

The change to beginning net assets as of September 1, 2014 resulting from these adjustments is an increase of \$4,647 in unrestricted net assets and \$1,427 in temporarily restricted net assets. The full financial statement impact is reflected in the table below:

	As of September 1, 2014									
	As	Originally		As	Ef	ffect of				
Statement of Financial Position	F	Reported	A	djusted	С	hange				
Liabilities	\$	99,735	\$	93,661	\$	(6,074)				
Net assets										
Unrestricted		111,664		116,311		4,647				
Temporarily restricted		60,961		62,388		1,427				
Permanently restricted		36,795		36,795		-				
Total liabilities and net assets	\$	309,155	\$	309,155	\$	_				

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior Period Adjustments and Reclassifications (continued)

The effect on the statement of activities for the year ended August 31, 2015 is as follows:

	Year Ended August 31, 2015									
	As Originally			As	Effect of					
Statement of Activities	R	eported	Α	djusted	change					
Public support and revenue	\$	31,578	\$	31,430	\$	(148)				
Program allocations		27,276		24,064		(3,212)				
Expenses		14,447		17,244		2,797				
Change in unrestricted net assets		(15,618)		(15,557)		61				
Change in temporarily restricted net assets		(6,022)		(5,816)		206				

There was no net effect on the cash provided by operating activities, used in investing activities and used in financing activities on the Consolidated Statement of Cash Flows.

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable at August 31, 2016 and 2015, consisted of the following:

	2016		2015	
Annual campaign	\$	4,609	\$	5,511
Donor-restricted		55		542
Pledges receivable before allowance for uncollectibles		4,664		6,053
Less: Allowance for uncollectible pledges		(625)		(634)
Net Pledges receivable	\$	4,039	\$	5,419
Amounts due	•		•	
Within one year Greater than one year	\$	4,382 282	\$	5,703 350
	¢		•	
Total	Φ	4,664	Φ	6,053

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 3 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at August 31, 2016 and 2015, consisted of the following:

	2016		 2015
Land Building, furniture, and equipment Computer hardware and software <i>Properties used by agencies and others</i>	\$	1,250 11,745 1,742	\$ 1,250 11,743 1,694
Land Buildings and equipment		5,804 38,136	 5,804 38,090
Less: Accumulated depreciation		58,677 (23,666)	 58,581 (22,415)
	\$	35,011	\$ 36,166

Depreciation expense was \$1,296 and \$1,356 for the years ended August 31, 2016 and 2015, respectively. Amortization of capital lease assets is included in depreciation expense.

NOTE 4 INVESTMENTS

To obtain investment flexibility, certain investments are combined in pooled investment accounts managed by outside investment firms. Fees paid to outside investment firms were \$291 and \$295 for the years ended August 31, 2016 and 2015, respectively.

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure the fair value. The categories are defined as follows:

- *Level 1*: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities.
- *Level 2*: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3*: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

On a recurring basis, the Jewish Federation measures the fair value of investments in common stock, bonds, mutual funds, asset-backed securities, and fixed income securities, based on available relevant market data, to determine if the carrying value of these investments should be adjusted.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 4 INVESTMENTS (continued)

The valuation methods described above may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Although the Jewish Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cost and fair values of the Jewish Federation's long-term investments as of August 31, 2016 and 2015 were:

	2016				
		Cost	F	air Value	Hierarchy Level
Bonds and asset-backed securities	\$	4,665	\$	5,048	1
Fixed income mutual funds		63,978		64,763	1
Equity mutual funds		104,670		128,153	1
State of Israel bonds		2,226		2,226	2
Other - alternative investments		19,051		20,373	3
		194,590		220,563	
Less: Assets held under revocable					
trust agreements		(9,904)		(13,308)	1
	\$	184,686	\$	207,255	
		2015			
		Cost	F	air Value	Hierarchy Level

	Cost		Cost		Cost		Cost		Cost		Fa	ir Value	Hierarchy Level
Bonds and asset-backed securities	\$4,	403	\$	4,677	1								
Fixed income mutual funds	61,	322		60,614	1								
Equity mutual funds	100,	864		117,747	1								
State of Israel bonds	2,	308		2,308	2								
Other - alternative investments	19,	295		21,698	3								
	188,	192		207,044									
Less: Assets held under revocable													
trust agreements	(9,	789)		(12,714)	. 1								
	\$ 178,	403	\$	194,330	<u>.</u>								

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 4 INVESTMENTS (continued)

The changes in investments that use Level 3 inputs to determine fair value are as follows:

	 2016	2015		
Balance, September 1, Realized and unrealized gains (losses) on investment transactions	\$ 21,698	\$	24,670	
Net realized (loss)/gain on investments Net change in unrealized (loss)/gain	(103)		482	
on investments	(76)		82	
Purchase of investment securities	4,609		814	
Sale of investment securities	(5,755)		(4,350)	
Balance, August 31,	\$ 20,373	\$	21,698	

The Jewish Federation has a funding commitment of approximately \$10,963 on its other investments at August 31, 2016.

For the years ended August 31, 2016 and 2015, no changes occurred among the fair value hierarchy levels of the Jewish Federation's long-term investments.

NOTE 5 NONPARTICIPATING ASSETS

Nonparticipating assets at August 31, 2016 and 2015, consisted of the following:

	 2016		2015	Hierarchy Level
Publicly traded stock Promissory notes Limited partnership interest Limited liability company interest	\$ 18,481 2,992 - 105	\$	14,968 9,667 3,239 105	1 3 3 3
Non-voting common stock Real estate	 37 824		37 150	3 3
	\$ 22,439	\$	28,166	

Nonparticipating assets are categorized based upon the level of judgment associated with the inputs used to measure the fair value as defined in Note 4.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 5 NONPARTICIPATING ASSETS (continued)

The changes in nonparticipating assets that use Level 3 inputs to determine fair value are as follows:

	2016			2015		
Balance, September 1,	\$	13,198	\$	15,851		
Contributions		727		95		
Sales/redemptions		(9,756)		(2,920)		
Change in value		(211)		172		
Balance, August 31,	\$	3,958	\$	13,198		

NOTE 6 LINES OF CREDIT

Lines of credit at August 31, 2016 and 2015, consisted of the following:

	 2016		
Jewish Federation Jewish Exponent	\$ 2,330 1,800	\$	1,600 1,600
	\$ 4,130	\$	3,200

The Jewish Federation has an unsecured line of credit with a bank, with a maximum borrowing of \$5,500, to be used for working capital purposes. At August 31, 2016 and 2015, the interest rate on the line of credit was the prime rate minus 0.25% (3.25% at August 2016 and 3.00% at August 2015). The current terms of the line of credit were extended to April 30, 2017.

The Jewish Exponent has an unsecured line of credit with a bank, with maximum borrowings of \$1,800, which is guaranteed by the Jewish Federation. At August 31, 2016 and 2015, the interest rate on the line of credit was the prime rate minus 0.25% (3.25% at August 2016 and 3.00% at August 2015). The current terms of the line of credit were extended to April 30, 2017.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (*In thousands*)

NOTE 7 LONG-TERM DEBT

Long-term debt payable at August 31, 2016 and 2015, consisted of the following:

	2016	2015
Tax Exempt Bond Financing - Variable Rate Bonds through the National Jewish Federation Bond Program issued by Colorado Educational and Cultural Facilities Authority. Variable interest rate at August 31, 2016 of 1.28%. Fixed interest rate under interest rate swap agreement of 2.31%. Interest is payable on a monthly basis. Annual principal payments varying from \$120 to \$280 through 2034 and \$23,235 due May 2038. Collateralized by certain property of the Jewish Federation.	\$ 26,660	\$ 26,780
 Taxable Bond Financing - Variable Rate Bonds through the National Jewish Federation Bond Program issued by Colorado Educational and Cultural Facilities Authority. Variable interest rate at August 31, 2016 of 1.64%. Fixed interest rate under interest rate swap agreement of 3.30%. Interest is payable on a monthly basis. Principal payment of \$11,200 due May 2038. Collateralized by certain property of the Jewish Federation. 	11,200	11,200
Loan payable in monthly installments of \$3, plus interest at prime minus 0.25% (3.25% at August 31, 2016) with a final installment of remaining principal and interest due December 1, 2031. Collateralized by certain investments of the Jewish Federation.	569	606
Loan payable in monthly installments of \$1, plus interest at prime minus 0.25% (3.25% at August 31, 2016) with a final installment of remaining principal and interest due December 1, 2026. Collateralized by certain investments of the Jewish Federation.	178	195
Loan payable in monthly installments of \$1, at 0% interest with a final installment of remaining principal due June 1, 2020. Collateralized by certain property of the Jewish Federation.	65	82
Loan payable in monthly installments of \$4, plus interest at 6.2% with a final installment of remaining principal and interest due April 1, 2018. Collateralized by certain investments of the Jewish Federation. This loan was paid off in April 2016.	-	115
Loan payable in monthly installments of \$8, plus interest at prime minus 0.25% (3.25% at August 31, 2016) with a final installment of remaining principal and interest due December 1, 2016. Collateralized by certain investments of the Jewish Federation.	33	133
Lease payable in monthly installments of \$1, including interest at 1.84%, with a final installment of remaining principal and interest due June 2021. Collateralized by certain equipment.	41	
Lease payable in monthly installments of \$1, including interest at 5.17%, with a final installment of remaining principal and interest due August 2016. Collateralized by certain equipment.	-	13
Less: Current portion	38,746 234	39,124
	\$ 38,512	\$ 38,777

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 7 LONG-TERM DEBT (continued)

Loans Funded by Bond Financings

The Jewish Federation used the proceeds of the tax-exempt bonds to refund previously issued bonds for the purpose of (i) refinancing a portion of short-term debt obtained for the acquisition of the property at the Schwartz Campus; (ii) paying down mortgages for the KleinLife branch and 2100 Arch Street; (iii) funding capital improvements at 2100 Arch Street, the Mandell Campus, and the KleinLife branch; (iv) financing certain issuance expenses; and (v) paying capitalized interest on the tax-exempt bonds.

The Jewish Federation used the proceeds of the taxable bond financing to refund previously issued taxable bonds for the purpose of (i) refinancing a portion of short-term debt obtained for the acquisition of the property at the Schwartz Campus not able to be financed via tax-exempt bonds; (ii) terminating the interest rate swap relating to the tax-exempt bond that was originally issued December 2004; (iii) paying the issuance costs of the tax-exempt and taxable bonds issued September 4, 2012; and (iv) paying capitalized interest and issuance costs of the taxable bonds.

A bank is the initial holder on all tax-exempt and taxable bonds issued. Under the loan agreement with the bank, there is an Initial Fixed Mandatory Repurchase date of September 4, 2019. Jewish Federation expects to renew and/or extend the terms of the loan at that time with a bank, enter terms where the bonds would be remarketed, or evaluate other long term financing options.

Interest and amortization expense for the years ended August 31, 2016 and 2015 was \$1,115 and \$1,164, respectively.

The aggregate maturities of obligations for each of the five fiscal years after August 31, 2016 were as follows:

Years Ending August 31,	 Debt	pital ase	 Total
2017	\$ 225	\$ 9	\$ 234
2018	201	8	209
2019	201	8	209
2020	208	9	217
2021	199	7	206
Thereafter	 37,671	 -	 37,671
	\$ 38,705	\$ 41	\$ 38,746

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 7 LONG-TERM DEBT (continued)

Interest Rate Swap Agreements

The Jewish Federation uses interest rate swap agreements to mitigate the risk of changes in interest rates associated with variable interest rate indebtedness. Under such arrangements, a portion of the variable-rate indebtedness is converted to fixed rates based on a notional principal amount. Interest rate swap agreements are measured at fair value and categorized as level 2 based upon the level of judgement associated with the inputs used to measure the fair value as detailed in Note 4.

The Jewish Federation has an interest rate swap agreement in place related to its taxexempt bond financing. At August 31, 2016, the notional principal amount under the interest rate swap agreement matures in July 2020 and totals \$13,000. The fixed interest rate under this interest rate swap agreement is 2.31%. At August 31, 2016 and 2015, the fair value of the interest rate swap agreement was a liability of \$711 and \$686, respectively, which is reflected in the consolidated statements of financial position in other noncurrent liabilities. The change in fair value of (\$25) for the year ended August 31, 2016, is included in the consolidated statement of activities as a loss on interest rate swap agreements.

The Jewish Federation has an interest rate swap agreement in place related to its taxable bond financing. At August 31, 2016, the notional principal amount under the interest rate swap agreement matures in July 2020 and totals \$5,000. The fixed interest rate under this interest rate swap agreement is 3.30%. At August 31, 2016 and 2015, the fair value of the interest rate swap agreement was a liability of \$451 and \$438, respectively, which is reflected in the consolidated statements of financial position in other noncurrent liabilities. The change in fair value of (\$13) for the year ended August 31, 2016, is included in the consolidated statement of activities as a loss on interest rate swap agreements.

NOTE 8 UNRESTRICTED NET ASSETS

Unrestricted net assets include funds that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The components of unrestricted net assets at August 31, 2016 and 2015 were as follows:

	 2016		2015
Undesignated	\$ 34,348	\$	39,169
Philanthropic Funds	38,654		35,260
Allied Fund	3,418		3,461
Nonparticipating assets	 22,139		22,864
	\$ 98,559	\$	100,754

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 8 UNRESTRICTED NET ASSETS (continued)

Included in unrestricted net assets are Philanthropic Funds that are distributed at the discretion of the Jewish Federation. While Philanthropic Funds are unrestricted, those funds have been segregated so that distributions may be made to Section 501(c)(3) charities, including the Jewish Federation under its Jewish Community Fund campaign and other campaigns, with consideration given to the nonbinding recommendations of the donors.

Undesignated net assets are available for operations. Any income earned on these funds is recorded as unrestricted in the accompanying consolidated statements of activities. Included in the undesignated net asset amounts above are board-designated endowment funds totaling \$39,392 and \$38,272, as of August 31, 2016 and 2015, respectively.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include contributions whose use by the Jewish Federation is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Jewish Federation pursuant to those stipulations.

Temporarily restricted net assets as of August 31, 2016 and 2015, are available for the following purposes or periods:

	2016		 2015
Charitable remainder trust	\$	1,211	\$ 1,236
Operations of agencies		150	36
Perpetual annual campaign		1,030	1,119
Capital repairs		703	688
Health and welfare		41,263	39,158
Jewish education and child care		10,842	10,717
Financial assistance to medical students		2,850	2,819
Israel and Overseas		337	433
Future years annual campaign pledges		213	 366
	\$	58,599	\$ 56,572

Income earned on these funds is generally recorded as an increase to unrestricted net assets in accordance with donor stipulations or the absence thereof.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS (continued)

Net assets released from donor restrictions for the years ended August 31, 2016 and 2015 are summarized below:

	 2016	:	2015		
Charitable remainder trust	\$ 59	\$	241		
Operations of agencies	236		224		
Perpetual annual campaign	397		374		
Capital repairs	29		56		
Health and welfare	4,637		3,941		
Jewish education and child care	894		2,894		
Financial assistance to medical students	162		155		
Israel and Overseas	1,245		(790)		
Expiration of restrictions on future years					
campaign pledges	 224		242		
	\$ 7,883	\$	7,337		

NOTE 10 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets result from contributions whose use by the Jewish Federation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Jewish Federation.

These net assets represent endowment funds with respect to which donors have stipulated, as a condition of the gift, the principal is to be maintained as prescribed by the donor and invested. Income earned on such funds is generally restricted as to use.

Permanently restricted net assets are donor-restricted endowments restricted in perpetuity with income available to support the purposes summarized below:

		 2015			
Health and welfare	\$	14,410	\$ 13,577		
Jewish education and child care		12,457	12,062		
Financial assistance to medical students		916	905		
Operations of agencies		5,281	5,272		
Perpetual annual campaign		7,182	7,182		
Capital repairs		354	 354		
	\$	40,600	\$ 39,352		

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 11 ENDOWMENTS

The Jewish Federation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-05 *Not for Profit Entities, Presentation of Financial Statements–Reporting Endowment Funds*, which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The Commonwealth of Pennsylvania has not adopted UPMIFA.

The Jewish Federation's endowment consists of various investment funds established primarily for support of the Jewish Federation's mission. Its endowment includes donorrestricted as well as board-designated endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Jewish Federation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Jewish Federation has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141). Act 141 permits a total return policy that allows a nonprofit to choose to treat a percentage of the average fair value of the endowment's permanently restricted investments as income each year. Pennsylvania law permits a percentage not less than 2% and not more than 7%.

However, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. In accordance with Act 141, the Jewish Federation annually applies the approved spending rate percentage to a twelve quarter average fair value of the endowment fund investments. The Jewish Federation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. Earnings on these gifts are accumulated in temporarily restricted net assets.

The Jewish Federation considers the following factors in making a determination to set a spending rate:

- 1. Protecting the corpus of the endowment fund.
- 2. Preserving the spending power of the assets.
- 3. Obtaining maximum investment return with reasonable risk and operational consideration.
- 4. Complying with applicable laws and donor restrictions.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 11 ENDOWMENTS (continued)

Interpretation of Relevant Law (continued)

Endowment fund net assets as of August 31 consisted of the following:

	Des	Board- Bignated Estricted	nporarily estricted	manently estricted	Totals		
August 31, 2016	\$	39,392	\$ 11,615	\$ 40,600	\$ 91,607		
August 31, 2015	\$	38,272	\$ 11,673	\$ 39,352	\$ 89,297		

The following represents the change in unrestricted and donor-restricted endowment funds by net asset type for the year ended August 31:

	2016											
De		Board- signated restricted		nporarily estricted		manently estricted		Totals				
Endowment net assets, beginning of year	\$	38,272	\$	11,673	\$	39,352	\$	89,297				
Investment return Investment income—												
Interest and dividends		1,450		466		-		1,916				
Net change in market value		1,282		1,756		-		3,038				
Contributions		2,245		-		1,248		3,493				
Expenditures		(6,137)		-		-		(6,137)				
Net assets released from restriction		2,280		(2,280)		-		-				
Endowment net assets, end of year	\$	39,392	\$	11,615	\$	40,600	\$	91,607				
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Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 11 ENDOWMENTS (continued)

Interpretation of Relevant Law (continued)

The following represents the change in unrestricted and donor-restricted endowment funds by net asset type for the year ended August 31:

	2015										
		Board- signated restricted		nporarily estricted		manently estricted		Totals			
Endowment net assets, beginning of year	ets, \$ 42,24		\$	16,145	\$	36,795	\$	95,181			
Investment return Investment income— Interest and dividends Net change in market value Contributions Expenditures		1,454 (2,177) 1,646 (7,057)		392 (2,699) - -		- - 2,567 -		1,846 (4,876) 4,213 (7,057)			
Net assets released from restriction Endowment net assets, end of year	\$	2,165 38,272	\$	(2,165) 11,673	\$	(10) 39,352	\$	(10) 89,297			

Funds with Deficiencies

Periodically, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor has required the Jewish Federation to retain as a fund of perpetual duration. Total deficiencies of this nature were approximately \$1,918 and \$1,847 as of August 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued discretionary appropriations for certain programs that were deemed prudent by the Board.

Return Objectives and Risk Parameters

The Jewish Federation has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment, while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as those of board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the policy benchmark while assuming a moderate level of investment risk.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 11 ENDOWMENTS (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Jewish Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Jewish Federation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Investment Committee of the Board, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy

In accordance with Act 141, the Jewish Federation annually applies the approved spending rate percentage to a twelve quarter average fair value of the permanently restricted endowment funds and transfers the amount to unrestricted or temporarily restricted net assets for use in current and future operations. The Jewish Federation believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Jewish Federation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 12 PROGRAM ALLOCATIONS

The Jewish Federation carries out program allocations to address two key priorities: Jewish continuity and safety net, locally, in Israel and around the world. Internal staff, along with lay leadership are charged with identifying the key issues in the local and overseas communities as well as determining how to best address these issues. The Jewish Federation staff and lay leadership create, coordinate, and deliver services either directly or by granting funds to organizations through the annual program allocations grant process. For the years ended August 31, 2016 and 2015, there was \$2,595 and \$2,700, respectively, expended to support these priority areas in Israel and around the world.

The Jewish Federation addresses safety net through a commitment to fund services that meet the needs of vulnerable community members of all ages, in Greater Philadelphia, in Israel and around the world. This includes delivering nutritional support, providing economic and emotional security through grants and counseling, enabling people with disabilities to reach their full potential and facilitating a wide array of services helping older adults to age safely, nourish their souls and live with dignity in their own homes.

The Jewish Federation addresses Jewish continuity by supporting and facilitating vibrant Jewish living and learning locally and abroad for children, teens, young adults, and families. No matter where people are on their Jewish journey, we help provide opportunities including educational and camping resources, leadership development and family programs. This enables community members of all ages to engage in the rich tapestry of Jewish life, while securing the future of our Jewish world.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 12 PROGRAM ALLOCATIONS (continued)

Amounts distributed to support overseas Jewish continuity and safety net allocations are administered by the Jewish Federations of North America (JFNA), the umbrella organization of the North American Jewish Federations. JFNA, through their partner agencies and service providers, the Jewish Agency for Israel (JAFI) and the American Jewish Joint Distribution Committee (JDC), support needs in Israel and around the world.

Philanthropic fund allocations consist of distributions made to Section 501(c)(3) charities, with consideration given to the nonbinding recommendations of the donor advisers.

Direct endowment fund allocations are distributions from restricted endowment funds which support the purpose of Jewish Federation and are in addition to those amounts allocated through the annual program allocations grant process.

NOTE 13 FUNCTIONAL EXPENSES—JEWISH FEDERATION

The costs of activities and services provided by the Jewish Federation are presented on a functional basis in the statements of activities. The functional expenses include the cost of fundraising; management and administration; and program operations. Indirect costs have been allocated to these activities based on the support they require.

Functional expenses for the years ended August 31, 2016 and 2015 were as follows:

<u>2016</u>	Re	nancial source elopment	Se Man	oporting rvices, agement, General	Si	ubtotal	ogram erations	Fu	Total nctional penses
Salaries	\$	2,903	\$	1,427	\$	4,330	\$ 2,594	\$	6,924
Payroll tax and benefits		707		424		1,131	513		1,644
Conferences, conventions, and meetings		601		35		636	171		807
Professional fees and contract services		27		180		207	733		940
Public relations, telephone, and postage		256		46		302	82		384
Supplies, printing, and photographs		295		333		628	835		1,463
Real estate maintenance and insurance		263		(353)		(90)	 1,658		1,568
Total before depreciation and interest		5,052		2,092		7,144	6,586		13,730
Depreciation		154		289		443	825		1,268
Interest		-		181		181	 877		1,058
Total expenses	\$	5,206	\$	2,562	\$	7,768	\$ 8,288		16,056
Provision for uncollectibles									378
Unrelated business income tax									202
								\$	16,636

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 13 FUNCTIONAL EXPENSES—JEWISH FEDERATION (continued)

<u>2015</u>	Financial Resource Development		esource Management,			ubtotal	ogram erations	Fu	Total nctional penses
Salaries	\$	2,844	\$	1,768	\$	4,612	\$ 2,402	\$	7,014
Payroll tax and benefits		710		409		1,119	440		1,559
Conferences, conventions, and meetings		828		48		876	277		1,153
Professional fees and contract services		13		176		189	793		982
Public relations, telephone, and postage		173		60		233	50		283
Supplies, printing, and photographs		319		332		651	753		1,404
Real estate maintenance and insurance		249		(294)		(45)	 1,655		1,610
Total before depreciation and interest		5,136		2,499		7,635	6,370		14,005
Depreciation		270		194		464	832		1,296
Interest		-		194		194	 931		1,125
Total expenses	\$	5,406	\$	2,887	\$	8,293	\$ 8,133		16,426
Provision for uncollectibles									646
Unrelated business income tax									172
								\$	17,244

NOTE 14 INCOME TAXES

Income Tax Exemption

The IRS has determined that the Jewish Federation qualifies as a publicly supported organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its core business activities. The Jewish Federation does make payments for federal taxes relative to certain non-core business activities that subject the Jewish Federation to federal unrelated business income taxes (UBIT). For the years ended August 31, 2016 and 2015, respectively, the Jewish Federation reflected UBIT expense of \$194 and \$208, respectively, of which \$202 and \$172 is included in supporting services, management, and general expenses and (\$8) and \$35 is netted against realized and unrealized gains/losses in the consolidated statements of activities.

Income Taxes

The Jewish Exponent is subject to income taxes and accounts for them in accordance with U.S. generally accepted accounting principles. The Jewish Exponent has net operating loss carry-forwards for tax purposes of approximately \$2,991 that begin to expire in 2019. Since realization of the tax benefit associated with this carry-forward is not considered more likely than not, a valuation allowance was recorded against this tax benefit.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 14 INCOME TAXES (continued)

Income Taxes (continued)

The Organization adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. This interpretation clarifies the accounting for income taxes by prescribing the minimum standard a tax position is required to meet before being recognized in the financial statements. The Jewish Federation and the Jewish Exponent have not taken any uncertain tax position that should be accounted for under ASC 740. Management believes that the Organization is no longer subject to income tax examinations for years ended on or prior to August 31, 2012. However, to the extent net operating loss carry-forwards are utilized in the future, these losses may still be adjusted upon examination.

NOTE 15 RETIREMENT PLANS

403(b) Plan

Jewish Federation sponsors a deferred compensation plan pursuant to Internal Revenue Code Section 403(b). The 403(b) plan permits employees to voluntarily defer a percentage of their compensation, subject to statutory limits, until future years. Employees are eligible to participate in the 403(b) plan on the date of hire. The deferred compensation is not available to the employees until termination, retirement, death, or hardship distribution. The Jewish Federation matches 100% of the employee's contributions, up to 4% of the employee's compensation. For the years ended August 31, 2016 and 2015, the Jewish Federation contributed \$223 and \$222 to the plan, respectively.

Deferred Compensation Plan

The Jewish Federation offers certain management employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits the employees to voluntarily defer a percentage of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Jewish Federation does not fund the plan. The Jewish Federation did not have any employees in the deferred compensation plan at August 31, 2016 and 2015.

Post-Retirement Benefit Plan

The Jewish Federation has post-retirement benefit plan obligations as of August 31, 2016 and 2015, to three former executives. Payments by the Jewish Federation on the obligations are payable when the former executives attain age 65. The benefit plan obligation liabilities are to be paid out over a range of 10 to 25 years and have been recorded using a discount rate of approximately 1% to 3%. At August 31, 2016 and 2015, respectively, the Jewish Federation has recorded a post-retirement benefit plan liability of \$161 and \$216, which is included in other noncurrent liabilities.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 15 RETIREMENT PLANS (continued)

Defined Benefit Pension Plan

The Jewish Federation sponsors the Jewish Federation of Greater Philadelphia Retirement Plan (the Plan), a multiple-employer defined benefit pension plan, in which the Jewish Federation and several of its constituent agencies participate. The Plan is considered a Church Plan under Section 414(e) of the Internal Revenue Code and is not subject to the general requirements of a pension plan under the Employee Retirement Income Security Act of 1974. Under the pension plan arrangement, the assets of the Plan are pooled and cannot be bifurcated among participants. These funds are generally available to pay benefits for employees of any of the participating employers. Benefits under the Plan are based on the employee's years of service and compensation during the years preceding retirement.

The Jewish Federation, along with the twelve remaining agencies, has frozen its participation in the Plan and will no longer be responsible for paying annual pension expense but will be required to pay any existing unfunded liability, measured annually. As part of the freeze, no new employees are entering the plan and active participants in the plan ceased accruing additional benefits, based on the freeze date of the respective agency.

The Jewish Federation has no present intention of terminating the Plan. One constituent agency has elected to withdraw from the Plan effective August 31, 2018. The assets and liabilities related to this withdrawal approximate \$2.

The measurement date used to determine the benefit obligations and fair value of Plan assets was August 31, 2016 and 2015.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 15 RETIREMENT PLANS (continued)

The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the consolidated statements of financial position as of August 31, 2016 and 2015:

	 2016	2015		
Changes in benefit obligations Benefit obligations at beginning of year Interest cost Actuarial loss Benefits paid	\$ 39,280 1,640 4,824 (1,859)	\$	35,634 1,401 3,815 (1,570)	
	\$ 43,885	\$	39,280	
Changes in plan assets				
Fair value of plan assets at beginning of year Actual return on plan assets (net of expense) Employer contributions Benefits paid	\$ 20,862 1,117 385 (1,859)	\$	22,919 (1,027) 540 (1,570)	
	\$ 20,505	\$	20,862	
Accrued benefit costs Funded status	\$ (23,380)	\$	(18,418)	

Items not yet recognized as a component of net periodic benefit costs for 2016 and 2015 are as follows:

	2016			2015
Prior service cost	\$	-	\$	-
Net actuarial loss		16,281		12,779
	\$	\$ 16,281		12,779

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over fiscal years 2016 and 2015 were as follows:

	2016	2015			
Estimated net loss	\$ 2,005	\$	1,570		
Prior service cost	-		-		

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 15 RETIREMENT PLANS (continued)

The accumulated benefit obligation for the pension plan was approximately \$43,885 and \$39,280 as of August 31, 2016 and 2015, respectively.

The change in the pension obligation other than net periodic costs was (\$4,962) and (\$5,703) for the years ended August 31, 2016 and 2015, respectively, and has been recorded within other changes in net assets in the consolidated statements of activities.

The components of net periodic benefit cost for the years ended August 31, 2016 and 2015 were:

		2015		
Service cost	\$	85	\$	85
Interest cost		1,640		1,401
Expected return on plan assets		(1,402)		(1,555)
Recognized actuarial loss		1,521		905
	\$	1,844	\$	836

Other information for the Plan for the years ended August 31, 2016 and 2015 was as follows:

Benefits paid, including Constituent Agencies Employer contributions, including Constituent Agencies		2016	2015		
		1,859 385	\$	1,570 540	
Weighted-average assumptions used in computing benefit obligations at end of year Discount rate Rate of compensation increase		3.25% N/A		4.25% N/A	
Weighted-average assumptions used in computing net periodic pension cost					
Discount rate		4.25%		4.00%	
Rate of compensation increase		N/A		N/A	
Expected return on assets		7.00%		7.00%	

The overall expected long-term rate of return on assets is based on the target asset allocation of Plan assets (primarily equity and fixed income mutual funds) and the expected long-term returns of each asset class.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 15 RETIREMENT PLANS (continued)

The Jewish Federation's pension plan weighted-average asset allocation at the end of the year, by asset category, is as follows:

	2016	2015
Equity mutual funds	58%	59%
Fixed income mutual funds	39%	39%
Other - including alternative investments*	3%	2%
	100%	100%

*Alternative investments include real estate, private equity and hedge funds.

It is the policy of the Jewish Federation to invest 50%-70% of Plan assets in equities, 30%-50% of Plan assets in fixed income, and 0%-5% in cash and cash equivalents. Allocations outside those parameters are generally due to either the timing of investment purchases and sales or anticipation of future distributions.

Cost and fair values of the Jewish Federation's retirement plan investments were as follows as of August 31, 2016 and 2015:

	20			
	 Cost Fair Value		ir Value	Hierarchy Level
Cash and cash equivalents	\$ 421	\$	421	1
Fixed income mutual funds	7,970		8,002	1
Equity mutual funds	10,072		11,975	1
State of Israel bonds	75		75	2
Alternative investments	 68		32	3
	\$ 18,606	\$	20,505	
	20	015		
	 Cost	Fa	air Value	Hierarchy Level
Cash and cash equivalents	\$ 401	\$	401	1
Fixed income mutual funds	8,232		8,102	1
Equity mutual funds	10,674		12,227	1
State of Israel bonds	75		75	2
Alternative investments	 127		57	3
	\$ 19,509	\$	20,862	

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 15 RETIREMENT PLANS (continued)

The Jewish Federation attempts to mitigate investment risk by rebalancing between equity and fixed income funds as the Jewish Federation's and its constituent agencies' contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains and losses would not be realized unless the investments are sold.

The Jewish Federation and its constituent agencies expect to contribute approximately \$676 to the Plan in 2017.

No Plan assets are expected to be returned to the Jewish Federation and its constituent agencies during 2017.

The following benefit payments are expected to be paid:

Years Ending August 31,	A	mount
2017	\$	2,123
2018		2,174
2019		2,248
2020		2,305
2021		2,347
2022-2026		11,815
	\$	23,012

NOTE 16 COMMITMENTS

The Organization is subject to claims and litigation in the ordinary course of business and maintains insurance and (where applicable) reserves, with respect to the possible liability arising from such claims. In management's opinion, the ultimate resolution of these claims will not have a material adverse effect on the Organization's consolidated financial position and change in net assets.

Jewish Federation is party to a Strategic Collaboration Agreement (SCA) involving Jack M. Barrack Hebrew Academy (JBHA) and The Raymond and Ruth Perelman Jewish Day School (PJDS). The SCA provides guidance, terms and conditions, among other things, for the ceasing of operations of the PJDS Saligman Middle School effective at the end of the 2013-2014 school year and, beginning at the start of the 2013-2014 school year, for there to be a single pluralistic middle school to be operated through the continuation and expansion of the middle school currently operated by JBHA, under the name The Robert Saligman Middle School of the Jack M. Barrack Hebrew Academy. As part of the SCA, JBHA is responsible for paying PJDS certain costs. The Jewish Federation has guaranteed these costs for an amount not to exceed \$2,500. As of August 31, 2016, there has been \$1,800 distributed and an additional \$500 accrued under the guarantee. Through the date of the financial statements, JBHA has repaid \$300 of amounts previously disbursed. Therefore, the Jewish Federation has paid \$2,000 of the \$2,500 guarantee.

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 17 RELATED-PARTY TRANSACTIONS

The Federation Endowments Corporation (the FEC) is a separate 501(c)(3) organization. The FEC has no assets or liabilities and generates no income. Rather, the FEC secures and administers endowments for the benefit of the community and has been given limited discretion by the Jewish Federation with regard to distributions of endowment funds held by the Jewish Federation. FEC has no ownership interest in the assets of the Jewish Federation.

The Jewish Federation is affiliated with the Foundation for Jewish Day Schools of Greater Philadelphia (the FJDS). The FJDS is a separate 501(c)(3) organization. The consolidated financial statements exclude the accounts of FJDS, as the Jewish Federation does not have an economic interest in the FJDS. The Jewish Federation charges an administrative fee to FJDS based on revenue earned for the year. Fees charged were \$217 and \$163 for the years ended August 31, 2016 and 2015, respectively. There were no amounts due from FJDS at August 31, 2016 and 2015.

During the years ended August 31, 2016 and 2015, the Jewish Federation allocated a certain amount to cover fundraising and administrative expenses of the FJDS. During the years ended August 31, 2016 and 2015, the Jewish Federation incurred \$59 and \$58, respectively, for fundraising expenses and \$40 and \$38, respectively, for administrative expenses of the FJDS.

NOTE 18 LEASE AGREEMENT

Effective July 1, 2008, the Jewish Federation, as Landlord, entered into a lease agreement with the Jack M. Barrack Hebrew Academy, as Tenant (the Tenant), for buildings and playing fields on a portion of the Jewish Federation's 35-acre Schwartz Campus in Radnor, Pennsylvania. The Tenant makes payments under the lease when it raises money under its capital campaign. Those payments are pledged to the Jewish Federation and, in turn, certain amounts are to be applied by the Jewish Federation to reduce the principal amount of the tax-exempt bond issue. If the Tenant is unable to make payments in accordance with the lease agreement, the Jewish Federation is nonetheless obligated to ensure that the debt service payments are made.

The lease agreement provides for a base rent, to be paid by the Tenant under the lease which consists of three separate components: acquisition cost, interest cost, and refinancing cost. The acquisition cost component, which was \$10,000, is one-third of the purchase price paid by the Jewish Federation to purchase the Schwartz Campus property. The interest cost component consists of interest on the outstanding acquisition cost component based on the variable rate and fixed interest swap rate of the tax-exempt bonds used to refinance the acquisition cost. The refinancing cost component is determined based on total refinancing costs incurred by the Jewish Federation multiplied by the Loan Balance Ratio (Loan Balance Ratio is 38% at August 31, 2016 and 2015).

Notes to Consolidated Financial Statements August 31, 2016 and 2015 (In thousands)

NOTE 18 LEASE AGREEMENT (continued)

Per the terms of the lease agreement, the Tenant was required to use its best efforts to pay the total base rent by July 1, 2015. The Tenant was unsuccessful in meeting this requirement. The Tenant and Landlord continue to develop methods by which the Tenant can satisfy the base rent obligations. The balance of the acquisition cost component, interest cost component, and refinancing cost component at August 31, 2016 was \$9,221, \$873 and \$2, respectively. The balance of the acquisition cost component, interest cost component, and refinancing cost component at August 31, 2015 was \$9,221, \$677 and \$10, respectively. Cumulative base rent payments totaled \$1,818 through August 31, 2016.

NOTE 19 SUBSEQUENT EVENTS

No significant subsequent events were noted after August 31, 2016 through February 24, 2017. Subsequent events were reviewed through February 24, 2017, the date that the financial statements were available for issuance.

SUPPLEMENTAL SCHEDULES

Consolidating Statement of Financial Position As of August 31, 2016 (*In thousands*)

	Jewish Jewish Federation Exponent			Elimination Entries		Con	solidated	
ASSETS								
Current assets								
Cash and cash equivalents	\$	9,910	\$	12	\$	-	\$	9,922
Assets held under revocable trust agreements		13,308		-		-		13,308
Pledges receivable, net		3,762		-		-		3,762
Customer accounts receivable, net		1,454		142		-		1,596
Prepaid expenses and other current assets		1,425		247		(1,307)		365
Total current assets		29,859		401		(1,307)		28,953
Investment in and advances to Exponent		(2,959)		-		2,959		-
Pledges receivable, noncurrent, net		277		-		-		277
Land, buildings, and equipment, net		34,905		106		-		35,011
Assets held under charitable remainder trust								
agreements		2,586		-		-		2,586
Long-term investments		207,255		-		-		207,255
Nonparticipating assets		22,439		-		-		22,439
Other assets		3,207		-		-		3,207
Total assets	\$	297,569	\$	507	\$	1,652	\$	299,728

Consolidating Statement of Financial Position *(continued)* As of August 31, 2016 *(In thousands)*

	ewish Ieration	Jewish Exponent																														Elimination Entries		Con	solidated
LIABILITIES AND NET ASSETS																																			
Current liabilities																																			
Grants payable	\$ 9,015	\$	-	\$	-	\$	9,015																												
Donor-restricted liabilities	106		-		-		106																												
Accounts payable and accrued expenses	6,691		193		-		6,884																												
Line of credit borrowings	2,330		1,800		-		4,130																												
Current portion of long-term debt	225		9		-		234																												
Liabilities under revocable trust agreements	13,308		-		-		13,308																												
Current portion of liabilities under charitable																																			
remainder trust agreements	210		-		-		210																												
Current portion of liabilities under charitable																																			
gift annuities	371		-		-		371																												
Due to the Jewish Federation	-		1,307		(1,307)		-																												
Deferred revenue	 313		125		-		438																												
Total current liabilities	32,569		3,434		(1,307)		34,696																												
Long-term debt, net of current portion Long-term portion of liabilities under charitable	38,480		32		-		38,512																												
remainder trust agreements	1,164		-		-		1,164																												
Long-term portion of liabilities under charitable gift annuities	2,937		_		_		2,937																												
Accrued pension benefit costs	23,380		_		_		23,380																												
Other noncurrent liabilities	1,281		-		_		1,281																												
	 1,201						1,201																												
Total liabilities	 99,811		3,466		(1,307)		101,970																												
Net assets																																			
Unrestricted	98,559		(2,959)		2,959		98,559																												
Temporarily restricted	58,599		(_,000)		_,000		58,599																												
Permanently restricted	40,600		-		-		40,600																												
·····	 _,						-,																												
Total net assets	 197,758		(2,959)		2,959		197,758																												
Total liabilities and net assets	\$ 297,569	\$	507	\$	1,652	\$	299,728																												

Consolidating Statement of Financial Position As of August 31, 2015 (In thousands)

	Jewish Federation		Jewish Exponent				Con	Consolidated	
ASSETS									
Current assets									
Cash and cash equivalents	\$	10,184	\$	-	\$	-	\$	10,184	
Assets held under revocable trust agreements		12,714		-		-		12,714	
Pledges receivable, net		5,079		-		-		5,079	
Customer accounts receivable, net		1,441		75		-		1,516	
Prepaid expenses and other current assets		1,310		161		(1,163)		308	
Total current assets		30,728		236		(1,163)		29,801	
Investment in and advances to Exponent		(2,715)		-		2,715		-	
Pledges receivable, noncurrent, net		340		-		-		340	
Land, buildings, and equipment, net		36,051		115		-		36,166	
Assets held under charitable remainder trust									
agreements		2,691		-		-		2,691	
Long-term investments		194,330		-		-		194,330	
Nonparticipating assets		28,166		-		-		28,166	
Other assets		2,956		-		-		2,956	
Total assets	\$	292,547	\$	351	\$	1,552	\$	294,450	

Consolidating Statement of Financial Position (continued)

As of August 31, 2015 (In thousands)

	ewish leration	Jewish Exponent										nination ntries	Con	nsolidated	
LIABILITIES AND NET ASSETS															
Current liabilities															
Grants payable	\$ 9,526	\$	-	\$ -	\$	9,526									
Donor-restricted liabilities	703		-	-		703									
Accounts payable and accrued expenses	7,420		191	-		7,611									
Line of credit borrowings	1,600		1,600	-		3,200									
Current portion of long-term debt	334		13	-		347									
Liabilities under revocable trust agreements	12,714		-	-		12,714									
Current portion of liabilities under charitable															
remainder trust agreements	222		-	-		222									
Current portion of liabilities under charitable															
gift annuities	375		-	-		375									
Due to the Jewish Federation	-		1,163	(1,163)		-									
Deferred revenue	 285		99	 -		384									
Total current liabilities	33,179		3,066	(1,163)		35,082									
Long-term debt, net of current portion Long-term portion of liabilities under charitable	38,777		-	-		38,777									
remainder trust agreements	1,232		-	-		1,232									
Long-term portion of liabilities under charitable															
gift annuities	2,869		-	-		2,869									
Accrued pension benefit costs	18,418		-	-		18,418									
Other noncurrent liabilities	 1,394		-	 		1,394									
Total liabilities	 95,869		3,066	 (1,163)		97,772									
Net assets															
Unrestricted	100,754		(2,715)	2,715		100,754									
Temporarily restricted	56,572		-	-		56,572									
Permanently restricted	 39,352			 -		39,352									
Total net assets	 196,678		(2,715)	 2,715		196,678									
Total liabilities and net assets	\$ 292,547	\$	351	\$ 1,552	\$	294,450									

Consolidating Statement of Activities For the Year Ended August 31, 2016 (In thousands)

	Jewish Federation		Jewish Exponent		Elimination Entries		Consolidated	
Public support and revenue								
Public support								
Campaign pledges	\$	19,840	\$	-	\$	-	\$	19,840
Grants to campaigns from philanthropic and								
endowment funds		(2,719)		-		-		(2,719)
Amounts raised on behalf of others		(280)		-		-		(280)
Other contributions and bequests		7,612		-		-		7,612
Contribution income - nonparticipating assets		727		-		-		727
Total public support		25,180						25,180
Revenue								
Advertising revenue—Exponent		-		2,124		-		2,124
Subscription revenue—Exponent		-		416		(296)		120
Investment income		3,283		-		-		3,283
Realized and unrealized gains		7,971		-		-		7,971
Change in value								
Nonparticipating assets		5,209		-		-		5,209
Charitable remainder trust agreements		33		-		-		33
Charitable gift annuities		(382)		-		-		(382)
Other income		3,045		-		-		3,045
In-kind contributions		996		-		-		996
Equity in (loss) earnings of Exponent		(244)		-		244		-
Total revenue		19,911		2,540		(52)		22,399
Total public support and revenue		45,091		2,540		(52)		47,579
Program allocations and expenses Program allocations and expenses Grants and allocations								
Jewish Continuity		4,931		-		-		4,931
Safety Net		4,550		-		-		4,550
Other Community Services		625		-		-		625
Designated campaign support								
Jewish Continuity		1,474		-		-		1,474
Safety Net		2,057		-		-		2,057
Philanthropic fund support		5,439		-		-		5,439
Direct endowment fund support		3,093		-		-		3,093
Program operations		8,288		-		-		8,288
Other program support		206		-		-		206
Total program allocations and expenses		30,663				-		30,663

Consolidating Statement of Activities *(continued)* For the Year Ended August 31, 2016 *(In thousands)*

	Jewish Federation		Jewish Exponent		Elimination Entries		Consolidated	
Expenses								
Jewish Federation								
Financial resource development	\$5,	206	\$	-	\$	-	\$	5,206
Supporting services, management, and general	2,	562		-		-		2,562
Provision for uncollectibles		378		-		-		378
Unrelated business income tax		202		-		-		202
Total Jewish Federation expenses	8,	348				-		8,348
Total program allocations and								
Jewish Federation expenses	39,	011		-		-		39,011
Exponent								
Production		-		1,185		(296)		889
Editorial		-		449		-		449
Administration		-		427		-		427
Sales and office		-		723		-		723
Total Exponent expenses				2,784		(296)		2,488
Total program allocations and expenses	39,	011		2,784		(296)		41,499
Change in net assets from operations	6,	080		(244)		244		6,080
Other changes in net assets								
Pension-related changes other than net periodic								
pension costs	(4,	962)		-		-		(4,962)
Loss on interest rate swap agreements		(38)		-		-		(38)
Total other changes in net assets	(5,	000)		-		-		(5,000)
Change in net assets	1,	080		(244)		244		1,080
Net assets, beginning of year	196,	678		(2,715)		2,715		196,678
Net assets, end of year	<u>\$ 197,</u>	758	\$	(2,959)	\$	2,959	\$	197,758

Consolidating Statement of Activities For the Year Ended August 31, 2015 (*In thousands*)

	Jewish Federation		Jewish Exponent		Elimination Entries		Consolidated	
Public support and revenue								
Public support								
Campaign pledges	\$	20,764	\$	-	\$	-	\$	20,764
Grants to campaigns from philanthropic and								
endowment funds		(2,380)		-		-		(2,380)
Amounts raised on behalf of others		(923)		-		-		(923)
Other contributions and bequests		11,952		-		-		11,952
Contribution income - nonparticipating assets		95		-		-		95
Total public support		29,508		-		-		29,508
Revenue								
Advertising revenue—Exponent		-		2,458		-		2,458
Subscription revenue—Exponent		-		440		(297)		143
Investment income		3,296		-		-		3,296
Realized and unrealized losses		(9,728)		-		-		(9,728)
Change in value								
Nonparticipating assets		1,975		-		-		1,975
Charitable remainder trust agreements		(96)		-		-		(96)
Charitable gift annuities		176		-		-		176
Other income		2,621		-		-		2,621
In-kind contributions		1,077		-		-		1,077
Equity in (loss) earnings of Exponent		(684)		-		684		-
Total revenue		(1,363)		2,898		387		1,922
Total public support and revenue		28,145		2,898		387		31,430
Program allocations and expenses								
Program allocations and expenses								
Grants and allocations								
Jewish Continuity		5,149		-		-		5,149
Safety Net		5,052		-		-		5,052
Other Community Services		676		-		-		676
Designated campaign support								
Jewish Continuity		1,886		-		-		1,886
Safety Net		2,008		-		-		2,008
Philanthropic fund support		6,661		-		-		6,661
Direct endowment fund support		2,439		-		-		2,439
Program operations		8,133		-		-		8,133
Other program support		193		-				193
Total program allocations and expenses		32,197		-		-		32,197
(Continuos)								

Consolidating Statement of Activities *(continued)* For the Year Ended August 31, 2015 *(In thousands)*

	Jewish Federation		Jewish Exponent		Elimination Entries		Consolidated	
Expenses								
Jewish Federation								
Financial resource development	\$	5,406	\$	-	\$	-	\$	5,406
Supporting services, management, and general		2,887		-		-		2,887
Provision for uncollectibles		646		-		-		646
Unrelated business income tax		172		-		-		172
Total Jewish Federation expenses		9,111		-		-		9,111
Total program allocations and								
Jewish Federation expenses	4	1,308		-		-		41,308
Exponent								
Production		-		1,547		(297)		1,250
Editorial		-		745		-		745
Administration		-		493		-		493
Sales and office		-		797				797
Total Exponent expenses		-		3,582		(297)		3,285
Total program allocations and expenses	4	1,308		3,582		(297)		44,593
Change in net assets from operations	(1	3,163)		(684)		684		(13,163)
Other changes in net assets								
Pension-related changes other than net periodic								
pension costs	((5,703)		-		-		(5,703)
Gain on interest rate swap agreements		50		-				50
Total other changes in net assets	((5,653)		-		-		(5,653)
Change in net assets	(1	8,816)		(684)		684		(18,816)
Net assets, beginning of year	21	5,494		(2,031)		2,031		215,494
Net assets, end of year	<u>\$ 19</u>	6,678	\$	(2,715)	\$	2,715	\$	196,678

