

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Financial Statements

December 31, 2016 and 2015

(With Independent Auditor's Report Thereon)

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

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December 31, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
The Jewish Federation in the Heart of New Jersey

I have audited the accompanying financial statements of The Jewish Federation of Middlesex and Monmouth Counties, a NJ Non-Profit Corporation, a/k/a The Jewish Federation in the Heart of New Jersey (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation in the Heart of New Jersey as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'James M. Wood'.

November 17, 2017
Hillsborough, NJ

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Statements of Financial Position

December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|-------------------|
| Assets | | |
| Cash and cash equivalents (note 2) | \$ 798,437 | 1,528,257 |
| Investments | | |
| Investment securities (note 3) | 12,475,963 | 12,134,074 |
| Pooled investments (note 4) | <u>3,888,074</u> | <u>3,654,190</u> |
| | 16,364,037 | 15,788,264 |
| Pledges receivable | | |
| Campaign (note 6) | 1,515,767 | 1,423,414 |
| Other | <u>50,964</u> | <u>48,154</u> |
| | 1,566,731 | 1,471,568 |
| Prepaid expenses | 9,325 | 4,250 |
| Property & equipment (note 7) | 411,750 | 439,006 |
| Works of art (note 7) | 71,886 | 71,886 |
| Cash surrender value of life insurance (note 9) | 619,764 | 562,769 |
| Security deposits | - | 4,497 |
| Loans receivable (note 8) | <u>324,380</u> | <u>411,528</u> |
| | | |
| Total assets | \$ <u>20,166,310</u> | <u>20,282,025</u> |
| Liabilities & Net Assets | | |
| Liabilities | | |
| Accounts payable & accrued expenses | \$ 246,118 | 50,126 |
| Allocations payable | 1,718,239 | 2,166,444 |
| Present value of annuity obligations | <u>255,185</u> | <u>292,012</u> |
| | | |
| Total liabilities | 2,219,542 | 2,508,582 |
| | | |
| Net assets | | |
| Unrestricted (note 11) | | |
| Operating | 2,171,349 | 2,431,388 |
| Endowment | 2,535,551 | 2,254,755 |
| Temporarily restricted (note 11) | | |
| Operating | 125,864 | 162,002 |
| Endowment | 8,969,086 | 8,780,632 |
| Permanently restricted (note 11) | | |
| Endowment | <u>4,144,918</u> | <u>4,144,666</u> |
| | | |
| Total net assets | <u>17,946,768</u> | <u>17,773,443</u> |
| | | |
| Total liabilities and net assets | \$ <u>20,166,310</u> | <u>20,282,025</u> |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY
Statement of Activities

Year ended December 31, 2016
(with comparative summarized totals for the year ended December 31, 2015)

| | Unrestricted Endowment Fund | | Temporarily Restricted Endowment Fund | | Permanently Restricted Endowment Fund | 2015 Total | |
|---------------------------------------|-----------------------------|-----------|---------------------------------------|-----------|---------------------------------------|------------|------------|
| | Operating | Total | Operating | Total | | Total | Total |
| Public support | | | | | | | |
| Annual campaign | | | | | | | |
| Gross campaign pledges | \$ 2,944,269 | 2,944,269 | 125,864 | 125,864 | - | 3,070,133 | 3,115,088 |
| Pledges from endowment | (91,684) | (91,684) | - | - | - | (91,684) | (101,858) |
| Provision for uncollectible pledges | (89,817) | (89,817) | - | - | - | (89,817) | (77,859) |
| Net annual campaign | 2,762,768 | 2,762,768 | 125,864 | 125,864 | - | 2,888,632 | 2,935,371 |
| Special campaigns | 244,959 | 244,959 | - | - | - | 244,959 | 154,925 |
| Foundation grants | 149,775 | 149,775 | - | - | - | 149,775 | 145,739 |
| Contributions | 6,354 | 351,586 | - | 34,785 | 252 | 386,623 | 883,222 |
| Corporate sponsorships | 1,000 | 1,000 | - | - | - | 1,000 | 7,150 |
| Total public support | 3,164,856 | 3,510,088 | 125,864 | 34,785 | 252 | 3,670,989 | 4,126,407 |
| Revenue and other income | | | | | | | |
| Events | 130,057 | 130,057 | - | - | - | 130,057 | 81,090 |
| Interest & dividend income | 19,743 | 134,850 | - | 159,219 | - | 313,812 | 299,690 |
| Gain on investment securities | - | 320,765 | - | 388,106 | - | 708,871 | (253,857) |
| Other income/loss | 256,112 | 121,104 | - | 3,811 | - | 381,027 | 70,764 |
| | 405,912 | 576,719 | - | 551,136 | - | 1,533,767 | 197,687 |
| Net assets released from restrictions | 1,200,624 | (641,155) | (162,002) | (397,467) | - | - | - |
| Total support and revenue | 4,771,392 | 5,052,188 | (36,138) | 188,454 | 252 | 5,204,756 | 4,324,094 |
| Functional expenses | | | | | | | |
| Program services | 4,048,002 | 4,048,002 | - | - | - | 4,048,002 | 3,427,162 |
| Support services | 983,429 | 983,429 | - | - | - | 983,429 | 1,434,082 |
| | 5,031,431 | 5,031,431 | - | - | - | 5,031,431 | 4,861,244 |
| Decrease (increase) in net assets | (260,039) | 20,757 | (36,138) | 188,454 | 252 | 173,325 | (537,150) |
| Net assets, beginning of year | 2,431,388 | 2,254,755 | 162,002 | 8,780,632 | 4,144,666 | 17,773,443 | 18,310,593 |
| Net assets, end of year | \$ 2,171,349 | 2,535,551 | 125,864 | 8,969,086 | 4,144,918 | 17,946,768 | 17,773,443 |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Statement of Activities

Year ended December 31, 2015

| | Unrestricted Endowment Fund | | Temporarily Restricted Endowment Fund | | Permanently Restricted Endowment Fund | |
|---------------------------------------|-----------------------------|-----------|---------------------------------------|-----------|---------------------------------------|------------|
| | Operating | Total | Operating | Total | Total | Total |
| Public support | | | | | | |
| Annual campaign | | | | | | |
| Gross campaign pledges | \$ 2,953,086 | 2,953,086 | 162,002 | 162,002 | - | 3,115,088 |
| Pledges from endowment | (101,858) | (101,858) | - | - | - | (101,858) |
| Provision for uncollectible pledges | (77,859) | (77,859) | - | - | - | (77,859) |
| Net annual campaign | 2,773,369 | 2,773,369 | 162,002 | 162,002 | - | 2,935,371 |
| Special campaigns | 154,925 | 154,925 | - | - | - | 154,925 |
| Foundation grants | 145,739 | 145,739 | - | - | - | 145,739 |
| Contributions | 9,881 | 800,392 | - | 82,686 | 144 | 883,222 |
| Corporate sponsorships | 7,150 | 7,150 | - | - | - | 7,150 |
| Total public support | 3,091,064 | 3,881,575 | 162,002 | 244,688 | 144 | 4,126,407 |
| Revenue and other income | | | | | | |
| Events | 81,090 | 81,090 | - | - | - | 81,090 |
| Interest & dividend income | 17,251 | 148,042 | - | 151,648 | - | 299,690 |
| Loss on investment securities | - | (112,993) | - | (140,864) | - | (253,857) |
| Other income | 70,764 | 70,764 | - | - | - | 70,764 |
| | 169,105 | 186,903 | - | 10,784 | - | 197,687 |
| Net assets released from restrictions | 1,813,661 | 787,509 | (270,721) | (516,788) | - | - |
| Total support and revenue | 5,073,830 | 4,855,987 | (108,719) | (532,037) | 144 | 4,324,094 |
| Functional expenses | | | | | | |
| Program services | 3,742,875 | 3,742,875 | - | - | - | 3,742,875 |
| Support services | 1,118,369 | 1,118,369 | - | - | - | 1,118,369 |
| | 4,861,244 | 4,861,244 | - | - | - | 4,861,244 |
| Increase (decrease) in net assets | 212,586 | (5,257) | (108,719) | (532,037) | 144 | (537,150) |
| Net assets, beginning of year | 2,218,802 | 4,691,400 | 270,721 | 9,474,671 | 4,144,522 | 18,310,593 |
| Net assets, end of year | \$ 2,431,388 | 4,686,143 | 162,002 | 8,942,634 | 4,144,666 | 17,773,443 |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY
 Statement of Functional Expenses
 Year ended December 31, 2016
 (with comparative summarized totals for the year ended December 31, 2015)

| | Program Services | | | | | | Supporting Services | | | 2015 Total Expenses | |
|------------------------------------|------------------|-----------|----------|-----------|--------|------------------|---------------------|------------|---------|---------------------------|-------------------|
| | Outreach | Newspaper | Planning | Endowment | JCRC | Pastoral Care | Total | Management | Raising | | Total Expenses |
| Salaries | \$ 262,536 | 148,701 | 244,491 | 164,646 | 39,199 | 16,346 | 875,919 | 161,996 | 333,003 | 494,999 | 1,370,918 |
| Fringe benefits | 22,807 | 12,918 | 21,239 | 14,303 | 3,405 | 1,420 | 76,092 | 14,073 | 28,928 | 43,001 | 119,093 |
| Payroll tax | 24,353 | 13,794 | 22,679 | 15,273 | 3,636 | 1,516 | 81,251 | 15,028 | 30,890 | 45,918 | 127,169 |
| | 309,696 | 175,413 | 288,409 | 194,222 | 46,240 | 19,282 | 1,033,262 | 191,097 | 392,821 | 583,918 | 1,617,180 |
| Allocations to agencies | 1,571,474 | - | - | 438,653 | - | - | 2,010,127 | - | - | - | 2,010,127 |
| Dues & memberships | 137,284 | - | - | - | - | - | 137,284 | - | - | - | 137,284 |
| Sponsorships | 36,208 | - | - | - | - | - | 36,208 | - | - | - | 36,208 |
| Scholarships | 78,596 | - | - | - | - | - | 78,596 | - | - | - | 78,596 |
| Targeted overseas grants | 240,000 | - | - | - | - | - | 240,000 | - | - | - | 240,000 |
| Programs | 164,190 | 2,538 | 11,716 | 17,954 | 3,876 | 1,705 | 201,979 | 10,857 | 79,139 | 89,996 | 291,975 |
| Publishing | - | 132,981 | - | - | - | - | 132,981 | - | - | - | 132,981 |
| Postage | 786 | 1,146 | 3,248 | 2,484 | 573 | - | 8,237 | 3,809 | 9,068 | 12,877 | 21,114 |
| Telephone | 525 | 713 | 2,020 | 1,545 | 357 | - | 5,160 | 3,993 | 6,990 | 10,983 | 16,143 |
| Insurance | 1,061 | 1,592 | 4,509 | 3,448 | 796 | - | 11,406 | 5,040 | 10,080 | 15,120 | 26,526 |
| Supplies, printing, & stationery | 1,473 | 1,109 | 3,142 | 2,439 | 702 | 350 | 9,215 | 9,105 | 42,348 | 51,453 | 60,668 |
| Occupancy | 5,841 | 8,762 | 24,826 | 18,984 | 4,381 | - | 62,794 | 31,584 | 55,492 | 87,076 | 149,870 |
| Professional & investment fees | 15,268 | 4,455 | 14,448 | 12,791 | 3,674 | 790 | 51,426 | 36,802 | 51,201 | 88,003 | 139,429 |
| Computer | 1,254 | 1,880 | 5,331 | 4,574 | 941 | 160 | 14,140 | 6,335 | 17,079 | 23,414 | 37,554 |
| Board expenses | 294 | 441 | 1,250 | 955 | 220 | - | 3,160 | 2,474 | 2,886 | 5,360 | 8,520 |
| Merger expenses | - | - | - | - | - | - | - | - | - | - | - |
| Disposition of fixed assets | 200 | 299 | 848 | 648 | 150 | - | 2,145 | 948 | 1,058 | 2,006 | 4,151 |
| Total expenses before depreciation | 2,564,150 | 331,329 | 359,747 | 698,697 | 61,910 | 22,287 | 4,038,120 | 302,044 | 668,162 | 970,206 | 5,008,326 |
| Depreciation | 919 | 2,011 | 3,103 | 2,585 | 1,264 | - | 9,882 | 5,582 | 7,641 | 13,223 | 23,105 |
| Total expenses | \$ 2,565,069 | 333,340 | 362,850 | 701,282 | 63,174 | 22,287 | 4,048,002 | 307,626 | 675,803 | 983,429 | 5,031,431 |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY
Statement of Functional Expenses
Year ended December 31, 2015

| | Program Services | | | | | | Supporting Services | | | Total Expenses |
|------------------------------------|------------------|-----------|----------|-----------|--------|---------------|---------------------|---------|-----------|----------------|
| | Outreach | Newspaper | Planning | Endowment | JCRC | Pastoral Care | Management | Raising | Total | |
| Salaries | \$ 243,730 | 138,436 | 221,994 | 110,118 | 20,992 | 17,788 | 151,125 | 356,032 | 507,157 | 1,260,215 |
| Fringe benefits | 20,781 | 11,803 | 18,927 | 9,389 | 1,789 | 1,517 | 11,975 | 30,355 | 42,330 | 106,536 |
| Payroll tax | 21,320 | 12,109 | 19,418 | 9,632 | 1,836 | 1,556 | 12,285 | 31,143 | 43,428 | 109,299 |
| | 285,831 | 162,348 | 260,339 | 129,139 | 24,617 | 20,861 | 175,385 | 417,530 | 592,915 | 1,476,050 |
| Allocations to agencies | 1,263,343 | - | - | 972,947 | - | - | - | - | - | 2,236,290 |
| Dues & memberships | 129,735 | - | - | - | - | - | - | - | - | 129,735 |
| Sponsorships | 38,726 | - | - | - | - | - | - | - | - | 38,726 |
| Programs | 72,656 | 1,949 | 5,365 | 7,070 | 1,010 | 558 | - | 112,390 | 112,390 | 200,998 |
| Publishing | - | 135,000 | - | - | - | - | - | - | - | 135,000 |
| Postage | 1,213 | 1,519 | 4,304 | 3,305 | 759 | - | 4,997 | 10,375 | 15,372 | 26,472 |
| Telephone | 527 | 791 | 2,242 | 1,714 | 396 | - | 5,155 | 5,526 | 10,681 | 16,351 |
| Insurance | 1,017 | 1,525 | 4,321 | 3,304 | 762 | - | 4,867 | 9,658 | 14,525 | 25,454 |
| Supplies, printing, & stationery | 1,044 | 1,464 | 4,266 | 3,226 | 732 | - | 12,267 | 46,000 | 58,267 | 68,999 |
| Occupancy | 4,451 | 6,677 | 18,919 | 14,467 | 3,338 | - | 25,815 | 42,549 | 68,364 | 116,216 |
| Professional & investment fees | 15,774 | 4,625 | 15,097 | 73,153 | 2,394 | 822 | 31,002 | 48,084 | 79,086 | 190,951 |
| Computer | 1,645 | 2,468 | 6,993 | 5,348 | 1,234 | - | 8,177 | 20,676 | 28,853 | 46,541 |
| Board expenses | 605 | 606 | 1,921 | 1,310 | 303 | - | 2,529 | 4,110 | 6,639 | 11,384 |
| Merger expenses | - | - | - | - | - | - | 117,795 | - | 117,795 | 117,795 |
| Total expenses before depreciation | 1,816,567 | 318,972 | 323,767 | 1,214,983 | 35,545 | 22,241 | 387,989 | 716,898 | 1,104,887 | 4,836,962 |
| Depreciation | 1,005 | 1,507 | 4,270 | 3,265 | 753 | - | 3,938 | 9,544 | 13,482 | 24,282 |
| Total expenses | \$ 1,817,572 | 320,479 | 328,037 | 1,218,248 | 36,298 | 22,241 | 391,927 | 726,442 | 1,118,369 | 4,861,244 |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Statements of Cash Flow

Years ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|----------------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets | \$ 173,325 | (537,150) |
| Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 23,105 | 24,282 |
| Loss on disposal of fixed assets | 4,151 | - |
| Provision for uncollectible pledges | 89,817 | 77,859 |
| Allocation liabilities recovered | (184,344) | - |
| Gains on investment securities | (708,871) | 253,857 |
| Increase (decrease) in: | | |
| Pledges receivable, regular campaign | (182,170) | (530,120) |
| Pledges receivable, other | (2,810) | 53,067 |
| Prepaid expenses | (5,075) | 12,547 |
| Loans receivable | 87,148 | (236,950) |
| Cash surrender value - life insurance | (56,995) | (63,814) |
| Security deposits | 4,497 | 2,905 |
| Decrease in: | | |
| Accounts payable, accrued expenses, and allocations payable | <u>(67,869)</u> | <u>(700,693)</u> |
| Cash used in operating activities | <u>(826,091)</u> | <u>(1,644,210)</u> |
| Cash flows from investing activities | | |
| Acquisition of investment securities | (1,307,799) | (9,034,460) |
| Proceeds from sales & maturities of investment securities | <u>1,440,897</u> | <u>9,549,905</u> |
| Cash provided by investing activities | <u>133,098</u> | <u>515,445</u> |
| Cash flows from financing activities | | |
| Present value of future annuity obligations | <u>(36,827)</u> | <u>16,182</u> |
| Cash provided by financing activities | <u>(36,827)</u> | <u>16,182</u> |
| Net decrease in cash & cash equivalents | (729,820) | (1,112,583) |
| Cash and cash equivalents | | |
| Beginning of year | <u>1,528,257</u> | <u>2,640,840</u> |
| End of year | \$ <u><u>798,437</u></u> | \$ <u><u>1,528,257</u></u> |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Notes to Financial Statements

December 31, 2016 and 2015

(1) Organization

The Jewish Federation of Middlesex and Monmouth Counties, a New Jersey Non-Profit Corporation, also known as The Jewish Federation in the Heart of New Jersey (the Federation) was formed on January 1, 2015 as a result of the merger of The Jewish Federation of Greater Middlesex County and The Jewish Federation of Greater Monmouth County. The Federation is a central coordinating, fundraising, planning, budgeting, and community relations agency for the Jewish community in Middlesex and Monmouth Counties, New Jersey. The Federation's income is derived primarily from pledges of individuals and other parties located in the same geographic area. In addition, The Federation serves to maintain all social and welfare services, insuring the survival and continuity of The Jewish family at home and abroad.

(2) Summary of Significant Accounting Policies

(a) Basis of presentation

The Federation's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and the changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor imposed restrictions or law.

Temporarily Restricted – Net assets subject to donor imposed restrictions or law that will be met by actions of the Federation and/or the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions or law that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Federation to use all or part of the income earned on related investments for unrestricted purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by explicit donor imposed restrictions or by law. Expenses are reported as decreases in net assets.

(b) Accounting estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Significant estimates made in the preparation of the financial statements include the net realizable value of contributions receivable and functional expense allocations. Actual results could differ from those estimates.

(c) Fair value

Financial instruments are carried at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, The Federation uses various valuation approaches based on a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are readily available market data provided by independent sources and

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Notes to Financial Statements

December 31, 2016 and 2015

widely accepted by market participants to price assets and liabilities. Unobservable inputs are those that apply to funds and the underlying assets/liabilities that do not trade regularly in the open market, such as real estate funds, private equity funds, and hedge funds. Absent an active market for these investments, pricing inputs require that valuation estimates be based on the best information available in the circumstances, using informed judgment and experience. The valuation hierarchy is broken down into three levels based on the observability of inputs, as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in the active market, valuation of these products does not entail subjective judgement.

Level 2 - Valuations based on one or more quoted price for investments that are not exchange-traded, but for which all significant inputs are observable, either directly or indirectly, and for which transaction activity is unrestricted and occurs on a regular basis (e.g. individual fixed income securities as well as commingled stock and bond funds).

Level 3 - Valuations based on (a) inputs that are unobservable and significant to the overall fair value measurements, as is the case in all funds investment in real estate or private equity, and in some hedge funds; and/or (b) inputs that are observable but apply to assets in commingled vehicles from which the Federation cannot fully redeem within 30 days.

The availability of observable inputs can vary from asset to asset or liability to liability. It is affected by a wide variety of factors, including, but not limited to: the type of instrument, whether it is new and not yet established in the marketplace, the liquidity of markets, other characteristics particular to the investment. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires some degree of judgment. In determining fair value, investments are categorized as Level 3 if judgement is applied to the valuation process, and/or The Federation could not fully redeem the investment within 30 days of The Federation's measurement date.

In certain cases, the inputs used to measure the fair value of an investment entity may fall into different levels of the fair value hierarchy. In such cases, the entire investment has been assigned to the lowest significant level applicable to the valuation of such investments.

The Federation's financial statements use prices and inputs that were current as of the measurement date. Following is a description of the valuation techniques used for Level 1, 2 and 3 assets measured at fair value on December 31, 2016 and 2015.

Cash equivalents - The carrying value of money market funds approximates fair value due to their short term nature. Cash equivalents are classified as Level 1.

Brokered certificates of deposit - The fair value is based on over-the-counter trades of certificates of deposit with similar yields and duration. Brokered certificates of deposit are classified as Level 2.

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Notes to Financial Statements

December 31, 2016 and 2015

Government of Israel Bonds - Government of Israel bonds may be transferred to the Jewish Federations of North America for face value; they are classified as Level 2.

Mutual funds - Investments in mutual funds are measured at fair value using quoted market prices and are classified as Level 1.

Exchange-traded funds - Investments in exchange-traded funds are measured at fair value using quoted market prices and are classified as Level 1.

Pooled investments - The Federation allocates a portion of its investments to the Jewish Community Endowment Pool, LLP. The Federation has an ownership share interest in the investment pool which is revalued on a monthly basis to market. The Jewish Community Endowment Pool, LLP monitors the valuation policies and controls for these funds. Withdrawals are made based on the ownership interest shares times the per share market value of the pool at every valuation date and are not subject to any significant withdrawal limitations. The investment in the Jewish Community Endowment Pool, LLP is classified as Level 2.

(d) Credit risk

Financial instruments that potentially expose The Federation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is limited to any one institution. The Federation has not experienced any losses on its cash and cash equivalents. The Federation's investments are generally diversified among issuers.

(e) Cash and cash equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at December 31, 2016 and 2015 are \$571,682 and \$1,159,058, respectively, of money market mutual funds.

(f) Investment securities

Investment securities are recorded at fair value in the statement of financial position. All interest, dividends, realized gains and losses, and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by explicit donor-imposed stipulations or by law.

(g) Pooled investments

Investments with the Jewish Community Endowment Pool, LLP are carried as pooled investments. As a participant in the pooled funds, the Federation's ownership interest is based on the allocation of the fair value of the Federation's units to the total fair value of the investment pool. The pool is revalued periodically; investment income and gains or losses are allocated to participants based on their units. All investments are measured at fair value in the statements of financial position. The change in fair value of pooled funds is included in investment income as unrestricted net assets unless the income or loss is restricted by donor or law.

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Notes to Financial Statements

December 31, 2016 and 2015

(h) Charitable gift annuities

The Federation has received contributions in the form of charitable gift annuities for which the Federation is the sole beneficiary and the gift administrator. The Federation will receive the remaining value of the charitable gift annuities upon the death of the donors. The underlying investments are included in the Federation's investment securities; the related payable for residual distributions due to the donors is included in the Federation's statement of financial position as it is making the periodic distributions to the donors.

(i) Beneficial interests in remainder trust

The Federation is the beneficiary of one charitable remainder trust agreement that is held and administered by others. The Federation will receive the remaining value of the trust upon the death of the donor. The underlying investments are included in the Federation's investment securities; the related payable for residual distributions due to the donors is included in the Federation's statement of financial position as it is making the periodic distributions to the donors.

(j) Pledges and revenue recognition

Contributions, including unconditional promises to give (pledges), are recognized initially at fair value as revenue upon receipt and are considered to be unrestricted unless they are received with donor stipulations that limit their use through either purpose or time restrictions. Contributions with donor stipulations that limit their use are considered to be temporarily restricted until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled. Upon the expiration of donor stipulations, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

(k) Allowance for uncollectible pledges

An estimated allowance for uncollectible pledges is provided for each group of pledges receivable, based on historical trends, management's assessment, and current economic data.

(l) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged directly to expense; major replacements and improvements are capitalized and depreciated over the estimated useful life of the assets using the straight line method of depreciation.

(m) Works of art

Judaic works of art were received as contributions and are carried at their estimated value on the date received.

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Notes to Financial Statements

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(n) *Allocations to benefiting agencies*

Allocations are recorded as expenses when the Federation commits to specific terms and amounts with the benefiting agencies.

(o) *Functional Expense Allocations*

The costs of providing the various programs and other activities have been summarized on a functional basis. Expenses are charged to each program based on direct expenditures incurred. Management and fund raising expenses are charged as supporting services. Indirect costs are allocated to functions based on employee hours, occupancy square footage, or other applicable bases of allocation.

(p) *Loans receivable*

Loans are made to local nonprofit organizations in need of resources to sustain their operations. The loans are made interest-free. An allowance for uncollectibility is recorded against those loans for which payment is doubtful.

(q) *Income Taxes*

The Jewish Federation in the Heart of New Jersey qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes. All applicable returns for the exempt organization are filed in a timely manner. The Federation is liable for payment of payroll tax as an employer; all such amounts are paid in a timely manner as required by state and federal regulations.

The Federation's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable and to disclose contingencies relating to uncertain tax positions when a liability is not probable or estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require disclosure or which could affect its liquidity or future cash flows. The Federation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended December 31, 2016 and 2015, the six-month period ended December 31, 2014, and the year ended June 30, 2014 are subject to examination by the IRS, generally for three years after they were filed. The Federation's New Jersey Charities Registration, Form CRI-300R, is also subject to examination for those same periods.

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Notes to Financial Statements

December 31, 2016 and 2015

(r) *New Accounting Pronouncements*

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, Leases (Topic 842), in February 2016. Under this guidance, lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2019 and for interim periods within fiscal years beginning after December 15, 2020. Management is evaluating the impact of this updated guidance on its financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), in August 2016. Under this guidance, not-for-profit entities will report net assets with donor restrictions and net assets without donor restrictions instead of the currently-required three classes. Not-for-profit entities will also provide enhanced disclosures regarding board designations, composition of net assets with donor restrictions, management of liquid resources available to meet cash needs, cost allocation among program and support functions, and underwater endowment funds. The guidance requires reporting of investment returns net of investment expenses and clarifies accounting and disclosure for gifts restricted to the acquisition or construction of long-lived assets. The amendments in this Update are effective for years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is evaluating the impact of this updated guidance on its financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash, in November 2016, requiring a statement of cash flows to explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash or cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update are effective for fiscal years beginning after December 31, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, and the Update should be applied using a retrospective transition method to each period presented. Management is evaluating the impact the updated standard will have on the financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent). Under this guidance, investments measured at Net Asset Value (NAV), as a practical expedient for fair value, are excluded from the fair value hierarchy. This is intended to reduce the diversity in practice that currently exists with respect to the categorization of these investments. The amendments in this Update are effective for years beginning after December 31, 2016 and interim periods within those fiscal years. Management is evaluating the impact the updated standard will have on the financial statements.

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Notes to Financial Statements

December 31, 2016 and 2015

(s) Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform with current year presentation.

(3) Investment Securities

The following tables presents the Federation's investments securities as of December 31, 2016 and 2015:

| | 2016 | |
|----------------------------|----------------------|-------------------|
| | <u>Cost</u> | <u>Fair Value</u> |
| Operating | | |
| Government of Israel Bonds | \$ 783,500 | 783,500 |
| | <u>783,500</u> | <u>783,500</u> |
| Endowments | | |
| Government of Israel Bonds | 220,000 | 220,000 |
| Mutual Funds | | |
| Fixed income | 4,351,412 | 4,500,610 |
| Domestic equity | 3,241,741 | 4,770,805 |
| International equity | 2,004,819 | 1,945,926 |
| Exchange-traded funds | | |
| Fixed income | 103,941 | 105,096 |
| Equity | 108,024 | 150,026 |
| | <u>10,029,937</u> | <u>11,692,463</u> |
| | <u>\$ 10,813,437</u> | <u>12,475,963</u> |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Notes to Financial Statements

December 31, 2016 and 2015

| | 2015 | |
|---------------------------------|----------------------|-------------------|
| | <u>Cost</u> | <u>Fair Value</u> |
| Operating | | |
| Government of Israel Bonds | \$ 783,500 | 783,500 |
| Brokered certificate of deposit | <u>50,000</u> | <u>50,104</u> |
| | 833,500 | 833,604 |
| Endowments | | |
| Government of Israel Bonds | 220,000 | 220,000 |
| Mutual Funds | | |
| Fixed income | 4,540,352 | 4,527,055 |
| Domestic equity | 3,229,907 | 4,350,767 |
| International equity | 1,950,727 | 1,858,987 |
| Exchange-traded funds | | |
| Fixed income | 169,608 | 171,368 |
| Equity | <u>116,548</u> | <u>172,293</u> |
| | <u>10,227,142</u> | <u>11,300,470</u> |
| | <u>\$ 11,060,642</u> | <u>12,134,074</u> |

For the year ended December 31, 2016 and 2015, investment return is as follows:

| | 2016 | | |
|--|---------------------|-------------------------------|------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Interest and dividends | \$ 154,593 | 159,219 | 313,812 |
| Realized and unrealized gains, net of investment expenses | <u>320,765</u> | <u>388,106</u> | <u>708,871</u> |
| Total investments | <u>\$ 475,358</u> | <u>547,325</u> | <u>1,022,683</u> |

| | 2015 | | |
|--|---------------------|-------------------------------|------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Interest and dividends | \$ 148,042 | 151,648 | 299,690 |
| Realized and unrealized gains, net of investment expenses | <u>(112,993)</u> | <u>(140,864)</u> | <u>(253,857)</u> |
| Total investments | <u>\$ 35,049</u> | <u>10,784</u> | <u>45,833</u> |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Notes to Financial Statements

December 31, 2016 and 2015

(4) Pooled Investments

Pooled investments are funds invested with the Jewish Community Endowment Pool, LLP which holds the following types of securities: domestic equity, international equity, private equity/venture capital, absolute return/hedged equity, credit related, real assets, fixed income, and money market funds. As a participant in pooled funds, the Federation's ownership interest is based on the allocation of the Federation's units to the total fair value of the investment pool. The pool is revalued periodically, and income and gains or losses are allocated to participants based on their units. All investments are measured at fair value in the statement of financial position. The change in fair value is included in investment income as unrestricted net assets unless the income or loss is restricted by donor or law. The cost and fair value of pooled investments is as follows as of December 31, 2016 and 2015:

| | 2016 | |
|------------------------------|--------------|-------------------|
| | Cost | Fair Value |
| Endowment pooled investments | \$ 3,579,914 | 3,888,074 |

| | 2015 | |
|------------------------------|--------------|-------------------|
| | Cost | Fair Value |
| Endowment pooled investments | \$ 3,497,439 | 3,654,190 |

(5) Recurring Fair Value Measurements

The following tables summarizes financial instruments which are recorded at fair value on a recurring basis as of December 31, 2016 and 2015:

| | 2016 | | | |
|----------------------------|----------------------|------------------|----------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash equivalents | \$ 569,180 | — | — | 569,180 |
| Government of Israel Bonds | — | 1,003,500 | — | 1,003,500 |
| Mutual funds | 11,217,341 | — | — | 11,217,341 |
| Exchange-traded funds | 255,122 | — | — | 255,122 |
| Pooled investments | — | 3,888,074 | — | 3,888,074 |
| | <u>\$ 12,041,643</u> | <u>4,891,574</u> | <u>—</u> | <u>16,933,217</u> |

THE JEWISH FEDERATION IN THE HEART OF NEW JERSEY

Notes to Financial Statements

December 31, 2016 and 2015

| | 2015 | | | Total |
|---------------------------------|----------------------|------------------|----------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash equivalents | \$ 1,141,172 | — | — | 1,141,172 |
| Government of Israel Bonds | — | 1,003,500 | — | 1,003,500 |
| Brokered certificate of deposit | — | 50,104 | — | 50,104 |
| Mutual funds | 10,736,809 | — | — | 10,736,809 |
| Exchange-traded funds | 343,661 | — | — | 343,661 |
| Pooled investments | — | 3,654,190 | — | 3,654,190 |
| | \$ <u>12,221,642</u> | <u>4,707,794</u> | <u>—</u> | <u>16,929,436</u> |

The assets summarized in the tables above are included in the accompanying statements of financial position in the following line items:

| | 2016 | 2015 |
|---------------------------|----------------------|-------------------|
| Cash and cash equivalents | \$ 798,437 | 1,528,257 |
| Investment securities | 12,480,963 | 12,134,074 |
| Pooled investments | 3,888,074 | 3,654,190 |
| | \$ <u>17,167,474</u> | <u>17,316,521</u> |

(6) Campaign Pledges Receivable

As of December 31, 2016 and 2015, campaign pledges receivable consist of the following:

| | 2016 | 2015 |
|-------------------------------------|---------------------|------------------|
| Pledge receivable | \$ 2,053,826 | 1,981,065 |
| Allowance for uncollectible pledges | (538,059) | (557,651) |
| Pledges receivable, net | \$ <u>1,515,767</u> | <u>1,423,414</u> |

The allowance for uncollectible pledges is a computed amount consisting of 3% of current year gross campaign pledges, 50% of the prior campaign year's outstanding pledges receivable, and 100% of any pledges receivable from earlier campaign years. One donor has pledges of \$600,000 and \$500,000 which represent 22% and 18% of total contributions at December 31, 2016 and 2015, respectively.

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December 31, 2016 and 2015

(7) Property and Equipment

As of December 31, 2016 and 2015, property and equipment consist of the following:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|-------------------|------------------|
| Land | \$ 105,300 | 105,300 |
| Building | 479,700 | 479,700 |
| Building improvements | 180,263 | 190,080 |
| Furniture and equipment | <u>38,367</u> | <u>38,368</u> |
| | 803,630 | 813,448 |
| Less accumulated depreciation | <u>(391,880)</u> | <u>(374,442)</u> |
| Property and equipment, net | <u>\$ 411,750</u> | <u>439,006</u> |

(8) Loans Receivable

As of December 31, 2016 and 2015, loans receivable consist of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-----------------|
| <u>Nonprofit Organizations</u> | | |
| Jewish Community Center of Middlesex County | \$ 84,000 | 84,000 |
| Moshe Aaron Yeshiva High School | — | 7,750 |
| Jewish Family Service | 143,183 | 155,183 |
| Rabbi Pesach Raymon Yeshiva | 166,667 | 250,000 |
| Jewish Community Center Jersey Shore | <u>5,000</u> | <u>5,000</u> |
| | 398,850 | 501,933 |
| Allowance for uncollectible loans | <u>(84,000)</u> | <u>(91,750)</u> |
| | 314,850 | 410,183 |
| <u>Hebrew Free Loan Federation Fund</u> | | |
| Loans to individuals | <u>9,530</u> | <u>1,345</u> |
| Loans receivable, net | <u>\$ 324,380</u> | <u>411,528</u> |

The Federation advanced a loan in the amount of \$50,000 to Moshe Aaron Yeshiva High School in 2008. As of the date of these financial statements, Moshe Aaron Yeshiva High School has ceased operations, and collection of the loan is remote. The Federation wrote off the outstanding loan balance.

In 2009, the Federation advanced a total of \$220,183 to Jewish Family Services, formerly Jewish Family & Vocational Service of Middlesex County, to assist with cash flow needs. The loan is being repaid at a rate of \$1,000 per month, without interest.

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During the year ended December 31, 2015, the Federation loaned \$250,000 to Rabbi Pesach Raymon Yeshiva. The loan is being repaid, without interest, in 3 installments of \$83,333 on December 31, 2016, 2017 and 2018.

(9) Contingencies and commitments

Cash Surrender Value - Life Insurance

The Federation is the owner and beneficiary of 17 life insurance policies which insure the lives of various donors. The policies' face amounts total approximately \$3.5 million. As of December 31, 2016 and 2015, the cash surrender values of the policies totals \$619,764 and 562,769, respectively. Upon death of the insureds, the proceeds from the policies are to endow the campaign pledges of those donors. The cash surrender value is classified as a temporarily-restricted (time-imposed) net asset.

Commitments

The Federation leases certain space and equipment under operating leases. Future minimum lease obligations for the years ending December 31, 2016 and 2015, are as follows:

| | |
|------|------------------|
| | 2016 |
| 2017 | \$ 8,676 |
| 2018 | 7,806 |
| 2019 | 6,936 |
| 2020 | 6,936 |
| 2021 | 1,156 |
| | <u>\$ 31,510</u> |

Included in the lease obligations as of December 31, 2015 was a commitment of \$71,415 for leased space in Holmdel, NJ. In September 2016, the Federation vacated those premises and notified the lessor of early termination. The lease was terminated in December 2016, and as of December 31, 2016, there are no more commitments with respect to it.

For the years ended December 31, 2016 and 2015, rent expense totaled \$100,000 and \$66,628, respectively. Rent expense for fiscal year 2016 includes early termination fee of \$45,883.

Employment contracts

The Federation has employment contracts with its two executive officers, expiring December 31, 2017. The employment contracts specify rates of compensation, fringe benefits, and severance compensation which ranges from a combined total of \$0 to \$255,000.

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Notes to Financial Statements

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(10) Retirement Plans

The Federation sponsors a profit sharing plan covering all employees who are employed 21 or more hours per week and a deferred compensation plan covering executive management. Federation contributions to both plans for the years ended December 31, 2016 and 2015 were \$61,110 and \$56,220, respectively.

(11) Net Assets

As of December 31, 2016 and 2015, temporarily and permanently restricted net assets, by fund, are as follows:

| | 2016 | | |
|--|-------------------|------------------|------------------|
| | <u>Operating</u> | <u>Endowment</u> | <u>Total</u> |
| Temporarily restricted net assets | \$ | | |
| Pledges for future periods | 125,864 | — | 125,864 |
| Donor-imposed program restrictions | — | 8,204,234 | 8,204,234 |
| Cash surrender value of life insurance | — | 619,764 | 619,764 |
| Split-interest agreements | — | 145,088 | 145,088 |
| | <u>\$ 125,864</u> | <u>8,969,086</u> | <u>9,094,950</u> |
| Permanently restricted net assets | | | |
| Services to children and the elderly | — | 3,368,308 | 3,368,308 |
| Hadasah Hospital and Operation Exodus | — | 394,601 | 394,601 |
| Educational programs and activities | — | 345,577 | 345,577 |
| PJ Library | — | 36,432 | 36,432 |
| | <u>\$ —</u> | <u>4,144,918</u> | <u>4,144,918</u> |
| | | | |
| | 2015 | | |
| | <u>Operating</u> | <u>Endowment</u> | <u>Total</u> |
| Temporarily restricted net assets | \$ | | |
| Pledges for future periods | 162,002 | — | 162,002 |
| Donor-imposed program restrictions | — | 8,022,298 | 8,022,298 |
| Cash surrender value of life insurance | — | 562,769 | 562,769 |
| Split-interest agreements | — | 195,565 | 195,565 |
| | <u>\$ 162,002</u> | <u>8,780,632</u> | <u>8,942,634</u> |
| Permanently restricted net assets | | | |
| Services to children and the elderly | — | 3,368,308 | 3,368,308 |
| Hadasah Hospital and Operation Exodus | — | 394,601 | 394,601 |
| Educational programs and activities | — | 345,577 | 345,577 |
| PJ Library | — | 36,180 | 36,180 |
| | <u>\$ —</u> | <u>4,144,666</u> | <u>4,144,666</u> |

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December 31, 2016 and 2015

(12) Endowment Funds

The Federation's endowment consists of individual funds established for a variety of purposes. These funds include unrestricted donor-restricted funds, temporarily restricted funds with donor-imposed use restrictions, and permanently restricted funds on which the investment income derived is either unrestricted or use-restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds received with donor-imposed restrictions are managed individually in order to comply with the respective terms.

The Federation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of New Jersey as requiring the preservation of the fair value of the original gift as of the date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Federation classifies as permanently restricted net assets (1) the original value of gifts donated with permanent restrictions, (2) the original value of subsequent gifts donated with permanent restrictions, and (3) accumulations to the permanent endowment, if any, as stipulated by the applicable gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of The Federation, and (7) The Federation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Federation has adopted investment and spending policies, approved by the Board of Trustees for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the longer term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds if possible. Actual returns in any given year are subject to market fluctuations. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed not to expose the fund to unacceptable levels of risk.

Spending Policy

The Federation has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior 3 years.

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Notes to Financial Statements

December 31, 2016 and 2015

Endowment net asset composition by type of fund as of December 31, 2016 and 2015 and activity for the year then ended is as follows:

| 2016 | | | | |
|--|---------------------|-------------------------------|-------------------------------|-----------------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Endowment Net Assets |
| Endowment net assets, beginning of year | \$ 2,254,755 | 8,780,632 | 4,144,666 | 15,180,053 |
| Contributions | 345,232 | 34,785 | 252 | 380,269 |
| Interest and dividends | 134,850 | 159,219 | — | 294,069 |
| Net appreciation (realized and unrealized) | 320,765 | 388,106 | — | 708,871 |
| Other income | 121,104 | 3,811 | — | 124,915 |
| Endowment disbursements | <u>(641,155)</u> | <u>(397,467)</u> | <u>—</u> | <u>(1,038,622)</u> |
| Endowment net assets, end of year | \$ <u>2,535,551</u> | <u>8,969,086</u> | <u>4,144,918</u> | <u>15,649,555</u> |

| 2015 | | | | |
|--|---------------------|-------------------------------|-------------------------------|-----------------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Endowment Net Assets |
| Endowment net assets, beginning of year | \$ 2,472,598 | 9,203,950 | 4,144,522 | 15,821,070 |
| Contributions | 790,511 | 82,686 | 144 | 873,341 |
| Interest and dividends | 130,791 | 151,648 | — | 282,439 |
| Net appreciation (realized and unrealized) | (112,993) | (140,864) | — | (253,857) |
| Endowment disbursements | <u>(1,026,152)</u> | <u>(516,788)</u> | <u>—</u> | <u>(1,542,940)</u> |
| Endowment net assets, end of year | \$ <u>2,254,755</u> | <u>8,780,632</u> | <u>4,144,666</u> | <u>15,180,053</u> |

(13) Subsequent Events

In connection with the preparation of the financial statements, the Foundation evaluated subsequent events after the balance sheet date of December 31, 2016 through November 17, 2017, which was the date the financial statements were available to be issued and determined that there were no additional matters that are required to be disclosed.