The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Financial Statements and Supplemental Material

Year Ended June 30, 2016

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Financial Statements and Supplemental Material

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Contents

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Independent Auditor's Report

To the Board of Directors
The Jewish Federation of Greater Washington, Inc. and Subsidiary
Rockville, MD

We have audited the accompanying consolidated financial statements of The Jewish Federation of Greater Washington, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 from 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 audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation of Greater Washington, Inc. and Subsidiary as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Jewish Federation of Greater Washington Inc. and Subsidiary's 2015 consolidated financial statements, and our report dated February 24, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position by fund and fund accountability on pages 35 to 38 are presented for purposes of additional analysis and are 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 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 taken as a whole.

BDO USA, LLP

February 23, 2017

Consolidated Financial Statements

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Financial Position

June 30,		**2016**		2015
Assets				
Cash and cash equivalents	**$**	**2,425,714**	$	2,450,145
Receivables, net		**6,705,616**		4,990,096
Restricted cash		**-**		15,955
Note receivable		**1,600,000**		1,600,000
Investments		**181,575,325**		184,189,318
Cash surrender value of life insurance		**6,394,780**		7,075,092
Bond issuance costs		**148,798**		154,367
Other assets		**171,102**		397,358
Land, building and equipment, net		**19,947,178**		20,396,206
Donated assets - land and property		**567,795**		567,795
Total assets	**$**	**219,536,308**	$	221,836,332
Liabilities and net assets				
Liabilities				
Allocations to beneficiary organizations	**$**	**10,043,001**	$	9,656,529
Accounts payable and accrued expenses		**5,570,300**		4,275,885
Due to agencies and supporting organizations		**34,584,798**		36,797,725
Line-of-credit		**1,450,000**		2,710,700
Long-term debt		**12,540,000**		12,835,000
Split-interest agreements		**8,573,631**		8,428,088
Interest rate swap liability		**797,985**		24,912
Total liabilities		**73,559,715**		74,728,839
Commitments and contingencies				
Net assets				
Unrestricted		**54,372,374**		51,187,172
Temporarily restricted		**65,397,852**		69,507,934
Permanently restricted		**26,206,367**		26,412,387
Total net assets		**145,976,593**		147,107,493
Total liabilities and net assets	**$**	**219,536,308**	$	221,836,332

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Activities for the year ended June 30, 2016
(with summarized comparative information for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Support and revenue					
Contributions - Endowment Fund	$ 10,918,504	$ 3,140,598	$ 100,700	$ 14,159,802	$ 13,484,879
Contributions - Federation	19,395,115	784,549	-	20,179,664	20,737,900
Other	534,378	-	-	534,378	889,246
Investment return, net	(2,211,536)	(2,446,546)	-	(4,658,082)	2,269,739
Net assets released from restrictions	5,588,683	(5,588,683)	-	-	-
Total support and revenue	34,225,144	(4,110,082)	100,700	30,215,762	37,381,764
Commercial building operations					
Revenues	1,618,146	-	-	1,618,146	1,797,840
Expenses	(2,233,260)	-	-	(2,233,260)	(2,219,431)
Net unrealized loss (gain) on interest rate swap liability	(773,073)	-	-	(773,073)	289,545
Net loss on commercial building operations	(1,388,187)	-	-	(1,388,187)	(132,046)
Total support, revenue and commercial building operations	32,836,957	(4,110,082)	100,700	28,827,575	37,249,718
Expenses					
Program services					
Allocations to beneficiary organizations	17,283,071	-	-	17,283,071	19,135,084
Community planning and outreach program	3,711,238	-	-	3,711,238	3,336,927
Total program services	20,994,309	-	-	20,994,309	22,472,011
Supporting services					
Fundraising	4,168,200	-	-	4,168,200	4,199,044
Management and central services	2,839,349	-	-	2,839,349	3,024,419
Total supporting services	7,007,549	-	-	7,007,549	7,223,463
Total expenses	28,001,858	-	-	28,001,858	29,695,474
Change in net assets before other revenue (expenses)	4,835,099	(4,110,082)	100,700	825,717	7,554,244
Change in value of split-interest agreements and annuity payments	(925,029)	-	-	(925,029)	(879,040)
Recovery of uncollectible promises to give	1,385,460	-	-	1,385,460	459,243
Provision for uncollectible promises to give	(727,231)	-	-	(727,231)	(736,089)
Others	(29,280)	-	-	(29,280)	-
Change in contributions received due to change in donors' intentions and circumstances	306,720	-	(306,720)	-	-
Pension related changes other than net periodic pension costs	(1,660,537)	-	-	(1,660,537)	(715,451)
Change in net assets	3,185,202	(4,110,082)	(206,020)	(1,130,900)	5,682,907
Net assets, beginning of year	51,187,172	69,507,934	26,412,387	147,107,493	141,424,586
Net assets, end of year	$ 54,372,374	$ 65,397,852	$ 26,206,367	$ 145,976,593	$147,107,493

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Functional Expenses for the year ended June 30, 2016
(with summarized comparative information for the year ended June 30, 2015)

	Program Services			Supporting Services				
	Allocations to Beneficiary Organizations	Community Planning and Outreach Program	Total Program Services	Fundraising	Management and Central Services	Total Supporting Services	2016 Total	2015 Total
Grant expenses	$ 17,283,071	$ -	$ 17,283,071	$ -	$ -	$ -	$ 17,283,071	$ 19,135,084
Salaries	-	1,532,624	1,532,624	2,461,240	1,532,138	3,993,378	5,526,002	5,492,487
Purchased services	-	667,359	667,359	474,742	41,803	516,545	1,183,904	1,307,901
Employee benefits	-	238,816	238,816	418,630	415,293	833,923	1,072,739	731,938
Payroll taxes	-	109,530	109,530	163,687	103,685	267,372	376,902	376,617
Travel and conference	-	225,174	225,174	51,246	58,294	109,540	334,714	215,377
Banquets and functions	-	242,854	242,854	28,129	28,560	56,689	299,543	211,761
Depreciation and amortization expense	-	24,218	24,218	44,270	187,525	231,795	256,013	229,032
Facility and equipment rentals	-	76,652	76,652	87,264	88,778	176,042	252,694	415,651
Missions	-	191,829	191,829	3,910	-	3,910	195,739	53,060
Printing and stationery	-	70,196	70,196	85,261	17,687	102,948	173,144	305,027
Telephone	-	36,047	36,047	54,480	77,237	131,717	167,764	157,099
Postage and mailing services	-	6,536	6,536	126,385	2,969	129,354	135,890	100,271
Publicity, promotion, and marketing	-	85,017	85,017	17,456	11,575	29,031	114,048	101,181
Professional fees	-	9,840	9,840	6,477	71,800	78,277	88,117	101,396
Office supplies and maintenance	-	20,000	20,000	6,702	29,640	36,342	56,342	81,674
Insurance premium expenses	-	-	-	-	27,635	27,635	27,635	31,024
Other	-	174,546	174,546	138,321	144,730	283,051	457,597	648,894
Total expenses 2016	$ 17,283,071	$ 3,711,238	$ 20,994,309	$ 4,168,200	$ 2,839,349	$ 7,007,549	$ 28,001,858	
Total expenses 2015	$ 19,135,084	$ 3,336,927	$ 22,472,011	$ 4,199,044	$ 3,024,419	$ 7,223,463		$ 29,695,474

See accompanying notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Cash Flows

Years ended June 30,	**2016**	2015
Cash flows from operating activities		
Change in net assets	**$ (1,130,900)**	$ 5,682,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	**821,975**	713,630
Recovery of uncollectible promises to give	**(1,385,460)**	(459,243)
Provision for uncollectible promises to give	**727,231**	736,089
Present value change applied to receivables	**79,166**	524,064
Split-interest agreements liability	**145,543**	80,592
Unrealized and realized losses	**6,491,694**	506,479
Loss (gain) on interest rate swaps	**773,073**	(289,545)
Permanently restricted contributions	**(100,700)**	(2,285,635)
Amortization of debt issuance costs	**5,569**	5,568
Decrease (increase) in assets		
Receivables	**(1,136,457)**	(159,129)
Other assets	**226,256**	(220,127)
Increase (decrease) in liabilities		
Allocations to beneficiary organizations	**386,472**	(104,730)
Accounts payable and accrued expenses	**1,294,415**	(252,773)
Due to agencies and supporting organizations	**(2,212,927)**	1,834,561
Net cash provided by operating activities	**4,984,950**	6,312,708
Cash flows from investing activities		
Purchases of investments	**(38,040,464)**	(33,414,813)
Proceeds from sale of investments	**34,162,763**	27,074,371
Change in cash surrender value of life insurance	**680,312**	(266,326)
Purchases of land, building and equipment	**(372,947)**	(4,828,812)
Restricted cash	**15,955**	3,621,515
Issuance of loan	**-**	(1,600,000)
Proceeds from sale of building	**-**	2,000,000
Net cash used in investing activities	**(3,554,381)**	(7,414,065)
Cash flows from financing activities		
Proceeds from line-of-credit	**2,950,000**	3,550,000
Payments on line-of-credit	**(4,210,700)**	(4,500,000)
Payment of long-term debt	**(295,000)**	(290,000)
Proceeds from permanently restricted contributions	**100,700**	2,285,635
Net cash (used in) provided by financing activities	**(1,455,000)**	1,045,635
Decrease in cash and cash equivalents	**(24,431)**	(55,722)
Cash and cash equivalents, beginning of year	**2,450,145**	2,505,867
Cash and cash equivalents, end of year	**$ 2,425,714**	$ 2,450,145

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Nature of the Organization

The Jewish Federation of Greater Washington, Inc. (the Jewish Federation) began in 1925 as the Jewish Welfare Association. Today, The Jewish Federation and its United Jewish Endowment Fund support 35 local agencies, 14 national organizations, 4 overseas partners and more than 60 congregations. The Jewish Federation works in conjunction with its partners to provide funding, community planning, and leadership development that impacts some 110,000 Jewish households (268,000 people), as well as many members of the general community throughout the Washington metropolitan area. Around the world our efforts support rescue, relief, reconstruction, and renewal for tens of thousands more in Israel and in more than 60 countries around the world. Building a community and helping make the world a better place is what we do every day. We not only support those in need, we build a network to inspire a love of Jewish life and culture. We are committed to helping people connect in ways meaningful to them. And from this work know that the Jewish community of Greater Washington will be a strong, thriving and welcoming place for generations to come.

JFGW Building LLC is a Maryland limited liability company incorporated on September 20, 2012 to acquire, own, finance, develop, management, lease, operate and, if when appropriate, sell real or personal property, or interest therein, for its own account or together with others. The Jewish Federation has 100% membership interest in JFGW Building LLC.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Jewish Federation and JFGW Building LLC (collectively the Federation). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby, support and revenue are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, "*Not-for-Profit Entities*". Under ASC 958, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For the purposes of reporting cash flows, money market accounts and all highly liquid investments are considered to be cash equivalents. All cash and investments, regardless of maturity that are held by the investment advisor, are considered investments.

Restricted Cash

Restricted cash consists of funds in an escrow account that is used to pay the cost to refurbish the newly acquired building.

Credit and Financial Risk

Substantially all the promises to give are derived from individual donors. All of these receivables are made on an unsecured basis. Historically, the Federation has not incurred significant credit related losses.

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

The Federation invests in a professionally managed portfolio that contains mutual funds, equities, bonds and alternative investments. Such investments are exposed to various risks such as 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 at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Impairment of Long-Lived Assets

The Federation accounts for the valuation of long-lived assets under ASC 360, "*Property, Plant, and Equipment*". ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of, if any, are reportable at the lower of the carrying amount or fair value, less costs to sell.

Promises to Give and Other Receivables

Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are only recognized when the conditions on which they depend are substantially met.

Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. The provision for doubtful promises, based on management's evaluation of the historical collection of promises, is $971,693 (See Note 2).

Other receivables 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 an aging of accounts. Receivables are written off when deemed uncollectible.

Recoveries of receivables previously written off are recorded when received. Interest is not recorded on any past due balances.

Investments

Investments are stated at fair value. Unrealized and realized gains and losses are included in the consolidated statement of activities.

Investments in publicly traded equity and debt securities are stated at quoted market values. For all of these investments, the Federation has concluded that the net asset values reported by the individual fund managers approximates the fair value of the investments. Changes in fair values are reported as unrealized gains or losses in the accompanying consolidated statement of activities.

Alternative investments may include private equity, real estate, and hedge and absolute return funds for which there may be no ready market to determine fair value. For all of these investments, the Federation has concluded that the net asset values reported by the individual fund managers approximate the fair value of the investments. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed. Commingled trusts are funds of publicly traded equity securities traded on international exchanges.

Cash Surrender Value

The Federation is the owner and beneficiary of 75 life insurance policies. The cash surrender value of these policies was $6,394,780 at June 30, 2016. The sum of all death benefits, which will be added to Endowment Fund assets after the death of the insured, is approximately $28.3 million.

Land, Building and Equipment

The Federation capitalizes all land, building and equipment purchased with a cost of $2,000 or more. Land, Building and Equipment is recorded at cost and depreciated on the straight-line basis over estimated useful lives of 3 to 39 years. Leasehold improvements are also recorded at cost and are being amortized over their estimated useful lives or the terms of the lease, whichever is shorter. The estimated useful life of tenant improvements is the lesser of the term of the lease or life of the asset.

Bond Issuance Costs

Costs associated with issuance of bonds have been deferred and are amortized over the terms of the bonds. The Federation uses the straight-line method, which approximates the effective interest method.

Donated Land and Property

Donated land and property is recorded as a contribution at its estimated fair market value at the date of donation, based on a formal appraisal.

Allocations to Beneficiary Organizations

Allocations are recorded when authorized by the Federation’s Board of Directors.

Due to Agencies and Supporting Organizations

These amounts represent funds held by the Federation for various local and national agencies for investment purposes.

Split-interest Agreements

The Federation receives contributions in the form of irrevocable split-interest agreements that include charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. The split-interest agreements have been valued based on discount rates approved by the Board of Directors, which is 4%.

The Federation serves as the administrator for all split-interest agreements. A third party holds amounts received and the Federation makes specified payments to annuitants. The excess in fair value of assets received over the liability assumed is recorded as either unrestricted or temporarily restricted revenue. The assets are adjusted each year based on the fair value of the investments held by the third party. The liability is adjusted each year based on the adjusted life expectancies of the annuitants and discounted using the most recent discount rate approved by the Board of Directors. Changes in the liabilities are recorded in the accompanying consolidated statement of activities as change in value of split-interest agreements.

Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, 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 are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently restricted net assets, recorded in the Endowment Fund, consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Federation. The restrictions stipulate that resources be maintained permanently but permit the Federation to expend the income generated in accordance with the provisions of the agreement.

Rent revenue is recorded on the straight-line basis.

Functional Expense Allocations

The Federation is organized into departmental cost centers. Each department's expenses are allocated directly and indirectly to the functional areas of the Federation.

Income Tax

The Federation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Federation qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Federation paid $360,558 in federal and state income taxes during the fiscal year ended June 30, 2016, in connection with unrelated debt-financed income on certain partnerships owned by the Federation. No amounts were payable as of June 30, 2016.

The Federation must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Federation's management believes it has no material uncertain tax positions and; accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2016, the Federation did no pay interest and penalties.

The tax years ended June 30, 2013, 2014, and 2015, remain open to examination by the taxing jurisdictions to which the Federation is subject, and they have not been extended beyond the applicable statute of limitations. No examinations are currently in process.

Fair Value Measurements

The fair market value of a financial instrument is defined in ASC 825-10, "*Disclosures about Fair Value of Financial Instruments*", as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying consolidated statement of financial position for cash and cash equivalents and investments, approximate fair value given the nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

The following methods and assumptions were used by the Federation in estimating the fair value of other financial instruments, which consist of investments. As defined in ASC 820-10, fair value is 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 (exit price). The Federation utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Federation primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Federation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Federation is able to classify fair value balances based on the observability of those inputs.

The Federation's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and net income.

ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Federation's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Federation's alternative investments are held in limited partnerships and investments in comingled funds which are valued based on level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to the Federation by the investment manager. The values are based on estimates that require varying degrees of judgments. Individual holdings within the alternative investments may include investment in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles. The investments may directly expose the Federation to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, the Federation's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors.

The Federation does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the investment funds, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Additional information is included in Note 14.

Use of Estimates

The preparation of the consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and 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 is effective for fiscal year 2020. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The ASU simplifies Topic 820 by removing the requirement to categorize, within the fair value hierarchy, all investments measured using the net asset value per share practical expedient.

Although classification within the fair value hierarchy is no longer required, an entity must disclose the amount of investments measured using the NAV practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the corresponding line items in the statement of financial position. Investments measured using the NAV practical expedient continue to be: (i) exempt from the detailed disclosures related to the fair value hierarchy required by paragraph 820-10-50-2, and (ii) subject to the qualitative and quantitative disclosures described in paragraph 820-10-50-6A. The ASU, however, reduces disclosures that were required for investments that are eligible for the use of, but for which the reporting entity opts not to use, the NAV practical expedient. These investments are no longer subject to the disclosures described in paragraph 820-10-50-6A. Since the fair value for these investments is determined using observable and/or unobservable inputs, the fair value measurements for these investments continue to be subject to the fair value disclosures required by paragraph 820-10-50-2, which includes "levelling" disclosures. The amendments are effective retrospectively for fiscal years beginning after December 15, 2015. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The ASU requires that debt issuance costs be reported in the consolidated statement of financial position as a direct deduction from the face amount of the related liability, consistent with the presentation of debt discounts. Prior to the amendments, debt issuance costs were presented as a deferred charge (i.e., an asset) on the statements of financial position. Further, the amendments require the amortization of debt issuance costs to be reported as interest expense. Similarly, debt issuance costs and any discount or premium are considered in the aggregate when determining the effective interest rate on the debt. The amendments are effective for fiscal years beginning after December 15, 2015. The amendments must be applied retrospectively. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Statement of Financial Position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities, as well as the effect on the statement of cash flows, differs depending on the lease classification. The new leases standard requires a lessor to classify leases as either sales-type, direct financing or operating, similar to existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

In August 2016, FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The ASU aims to improve presentation of financial information, ultimately making nonprofit financial reporting statements more informative, transparent and useful to readers. Key qualitative and quantitative requirements covered in the final ASU include:

- Net asset classes
- Investment return
- Expenses
- Liquidity and availability of resources
- Presentation of operating cash flows

The ASU is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

2. Receivables

Receivables consist of the following at June 30, 2016:

Promises to give	$	**7,398,851**
Charitable remainder trusts		**414,315**
Other		**285,810**
		8,098,976
Less provision for doubtful promises to give		**971,693**
Less discount to net present value – charitable remainder trusts		**344,071**
Less discount to net present value – promises to give		**77,596**
		1,393,360
Total	$	**6,705,616**

Promises to Give

Promises to give in one year or more are measured using the present value of future cash flows based on a discount rate of approximately 5.0%. Promises to give consist of at June 30, 2016:

Promises to give in less than one year	$	6,592,001
Promises to give in one to five years		806,850
Total promises to give		7,398,851
Less provision for doubtful promises to give		971,693
Less discount to net present value		77,596
Net promises to give	$	6,349,562

Charitable Remainder Trusts

The Federation is aware that they are the beneficiary in at least two charitable remainder trusts (the Trusts). The Trusts make payments each year to the grantor for the duration of the Trust's term (the grantor's lifetime). At the end of the Trusts' terms, the remaining assets are available for the Federation's use. The individual administrators, who are third-party trustees, hold the assets. For the Trusts, the Federation applied a 4% discount rate for the year ended June 30, 2016.

3. Investments

Pooled investments: To obtain investment flexibility, certain assets are combined in a pooled investment account managed by outside investment firms. This pool consists of cash and cash equivalents, short-term, intermediate-term and long-term bonds, that consist primarily of U.S. Treasury and State of Israel bonds, mutual funds and publicly-traded stocks.

The Board of Directors directed the Endowment Fund to administer and manage all unrestricted bequests made to the Federation. The Endowment Fund invests these funds, unless otherwise directed by the Executive Committee, in the investment funds of the Endowment Fund. The principal of these funds may be distributed to the annual campaign and, upon a vote of a majority of the Federation Board of Directors or Executive Committee, principal and/or income may be distributed for other Federation budgetary needs. At June 30, 2016, the total Federation reserve funds invested in the Investments – Endowment Fund, were approximately $6.0 million, which is included in the $181,285,908 below.

Investments consist of the following at June 30, 2016:

Investment – Endowment Fund:	
Alternative Investments:	
Absolute Return	$ 15,176,157
Directional Hedge	25,278,099
Private Equity	2,217,882
Real Assets	3,201,233
International Equity	14,701,635
Fund of Funds – Private Equity	17,901,953
Fixed Income Fund – Global	9,672,956
Publicly Traded:	
Domestic Equity Funds	31,767,049
Fixed Income Fund	20,001,778
International Equity Fund	12,156,392
Global Equity	23,214,374
Multi-Strategy	472,853
Other:	
Cash and cash equivalents	2,402,181
Israel Bonds	3,121,366
Total Endowment Fund investments	181,285,908
Investments – Federation:	
Loans to beneficiary organizations	236,483
Israel Bonds	52,934
Total Federation investments	289,417
Total investments	181,575,325
Less: amounts due to agencies and supporting organizations	34,584,798
Total investments, net of agencies	$ 146,990,527

Amounts due to agencies and supporting organizations represent funds transferred to the Federation to be managed on behalf of certain local and national agencies. 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 consolidated statement of activities.

Investment loss consists of the following for the year ended June 30, 2016:

Interest and dividends	$ 2,053,763
Unrealized and realized loss	(6,491,694)
Less: investment fees	(220,151)
Total investment loss	$ (4,658,082)

4. Land, Building and Equipment

Land, building and equipment, and accumulated depreciation and amortization at June 30, 2016, and depreciation and amortization expense for the year ended June 30, 2016, are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation and Amortization	Net	Depreciation and Amortization Expense
Building	39 years	$17,698,839	$ 1,494,668	$16,204,171	$ 565,963
Land	n/a	2,534,100	-	2,534,100	-
Computers and software	3-7 years	1,913,279	1,537,311	375,968	170,227
Furniture and equipment	3-10 years	1,430,437	597,498	832,939	85,785
Total land, building and equipment		$23,576,655	$ 3,629,477	$19,947,178	$ 821,975

5. Note Receivable

The Federation had a building under capital lease, building improvements and other immovable furniture and equipment. On February 28, 2014, the Federation accepted an offer from Hebrew Home of Greater Washington, Inc. (Hebrew Home) to sell the building under capital lease for $2 million.

Management completed the sale of the asset held for sale to Hebrew Home on November 7, 2014. The Federation received $373,820 in cash and used $26,180 to pay off selling expenses of the $400,000 initial payment made by Hebrew Home and Hebrew Home executed a deed of trust note in the amount of $1,600,000. The note is subject to a 5% interest per annum and the note is payable on December 7, 2019. Interest income recognized on the note in 2016 amounted to $80,219.

6. Allocations to Beneficiary Organizations

The Federation's Board of Directors authorizes all allocations from Federation funds and its endowment fund each fiscal year. Allocations for the year ended June 30, 2016, are as follows:

	Unrestricted	Community Security	Endowment	Total
International Allocations				
Jewish Federations of North America	$ 3,137,055	$ -	$ 815,984	$ 3,953,039
Other International Beneficiaries	-	-	695,181	695,181
Total international allocations	**$ 3,137,055**	**$ -**	**$ 1,511,165**	**$ 4,648,220**
National Allocations				
Jewish Federations of North America Collective Responsibility	$ 810,814	$ -	$ -	$ 810,814
Other National Agencies	-	-	416,765	416,765
Birthright Israel Fair Share	207,000	-	-	207,000
National Alliance	141,508	-	-	141,508
High School in Israel	-	-	22,748	22,748
Other Jewish National Agencies	34,500	-	760,756	795,256
Other Jewish Federations	-	-	135,440	135,440
Total national allocations	**$ 1,193,822**	**$ -**	**$ 1,335,709**	**$ 2,529,531**
Local Allocations				
Jewish Social Service Agency	$ 949,830	$ -	$ 97,327	$ 1,047,157
Bender Jewish Community Center of Greater Washington	774,063	-	108,505	882,568
Holocaust Survivors Services	262,500	-	450,979	713,479
Jewish Community Relations Council	603,013	-	56,629	659,642
Edlavitch DCJCC	399,432	-	158,653	558,085
Charles E. Smith Day School	458,053	22,500	55,328	535,881
Melvin J. Berman Hebrew Academy	321,342	21,500	123,827	466,669
Jewish Community Center/NOVA	326,607	-	4,935	331,542
Jewish Council for the Aging	299,884	-	31,423	331,307
Coming of Age	195,952	-	93,760	289,712
Yeshiva of Greater Washington	91,611	-	178,459	270,070
Campus Hillels	157,027	-	108,019	265,046
Jewish Foundation for Group Homes	189,104	-	63,353	252,457
Task Force Initiatives	194,900	-	-	194,900
Torah School of Greater Washington	162,080	12,000	11,003	185,083
Jewish Primary Day School	148,456	21,500	13,355	183,311
Capital Camps and Retreat Centers	120,078	-	57,066	177,144
Charles E. Smith Life Communities	-	-	112,375	112,375
Jewish Education	100,000	-	-	100,000
Jewish Coalition Against Domestic Abuse	49,719	-	48,000	97,719
Gesher Jewish Day School	71,409	21,500	1,050	93,959

	Unrestricted	Community Security	Endowment	Total
Interfaith Family	70,000	-	-	70,000
Create Jewish Legacy	69,729	-	-	69,729
Youth Groups	58,236	-	-	58,236
Jewish Historical Society of Greater Washington	30,000	-	27,062	57,062
Initiative in Congregational Education	55,957	-	-	55,957
One Happy Camper	47,186	-	-	47,186
Moishe House	25,000	-	-	25,000
Other allocations to Jewish Organizations	37,767	-	1,135,860	1,173,627
Other allocations to Local Agencies	-	-	800,417	800,417
Total local allocations	**$ 6,268,935**	**$ 99,000**	**$ 3,737,385**	**$ 10,105,320**
Total allocations 2016	**$ 10,599,812**	**$ 99,000**	**$ 6,584,259**	**$ 17,283,071**

7. Line-of-Credit

The Federation obtained an unsecured $6,000,000 line-of-credit from PNC Bank, which matures March 31, 2017. The line-of-credit bears interest at the LIBOR rate plus 1.25%, which was 1.69% at June 30, 2016. The outstanding balance under this line-of-credit at June 30, 2016, was $1,450,000, in which the balance was subsequently paid in full on December 29, 2016.

8. Long-term Debt

Long-term debt consists of the following at June 30, 2016:

Colorado Educational and Cultural Facilities Authority Variable Rate Demand Revenue Bonds	**$ 8,600,000**
Taxable Variable Rate Demand Bond	**3,940,000**
Long-term debt	**12,540,000**
Less: current portion	**305,000**
Long-term debt, net of current portion	**$ 12,235,000**

To finance the building acquisition and additional improvements, Jewish Federation and JFGW Building LLC issued as co-borrowers, a mix of tax-exempt bonds and taxable debt through the National Jewish Federation Bond Program and PNC Bank.

On March 19, 2013, the Colorado Educational and Cultural Facilities Authority on behalf of the Federation issued an $8,600,000 tax-exempt bond which matures on March 1, 2043. The bond is subject to monthly interest at a rate of 70% of Libor plus 107 basis points. Interest is payable monthly commencing on April 1, 2013. The bond is subject to periodic principal redemption starting on October 1, 2027. On the same date, the Federation issued a $4,800,000 taxable bond which matures on April 1, 2027. The bond is subject to monthly interest at a rate of Libor plus 105 basis points. Interest is payable monthly commencing on April 1, 2013. The first principal payment date is on October 1, 2013. The Federation incurred bond issue costs on these debts amounting to $167,075. Interest expense incurred on the bonds in 2016 amounted to $167,328.

The Federation is required to comply, among others, every December 31 and June 30 a ratio of Unrestricted Liquid Assets to Funded Debt of not less than 1.00 to 1.00. The Federation is in compliance with the covenant ratio at June 30, 2016.

In relation to the above debts, on April 1, 2013, the Federation entered into two interest rate swaps to minimize cash flow fluctuations of interest payments caused by the volatility of Libor, which is the index rate upon which interest are calculated. The first swap has a notional value of $8 million and matures on March 1, 2028 and has fixed the interest rate of the tax-exempt bond at 2.82%. The second swap has a notional value of $4.4 million and matures on October 1, 2026 and has fixed the interest rate on the taxable bonds at 2.72%. Interest expense incurred in relation to these swaps amounted to $172,613 in 2016.

Maturities of debt are as follows:

2016	$ 305,000
2017	315,000
2018	325,000
2019	335,000
2020	345,000
Thereafter	10,915,000
	$ 12,540,000

9. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor-restricted funds, which are only available for program services or general support designated for future years. Temporarily restricted net assets were released from restrictions during the year ended June 30, 2016, due to the purpose restrictions being accomplished.

Activity in the temporarily restricted net assets during the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Contributions and Changes	Investment Return	Released from Restrictions	Balance June 30, 2016
Endowment Fund	$ 67,486,994	$ 3,140,598	$ (2,446,546)	$ (4,399,901)	$ 63,781,145
Federation	2,020,940	784,549	-	(1,188,782)	1,616,707
Total temporarily restricted net assets	$ 69,507,934	$ 3,925,147	$ (2,446,546)	$ (5,588,683)	$ 65,397,852

10. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following at June 30, 2016:

Donor Designated funds	$ 11,743,351
Field of interest	7,771,459
General funds	3,867,851
Donor advised funds	2,823,706
Total permanently restricted net assets	$ 26,206,367

11. Endowment

Endowment Net Asset Classifications - In August 2008, FASB issued ASC 958-205, "*Reporting Endowment Funds*." ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization. The Federation is subject to the State of Maryland's Uniform Prudent Management of Institutional Funds Act (UPMIFA), and has adopted ASC 958-205 as of July 1, 2008, as required.

The Federation has interpreted the State of Maryland's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the 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 (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The associated gains and income on donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation 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 the fund
2. The purposes of the Federation and the donor-restricted endowment fund
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
7. The investment policies of the Federation

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Federation to retain as a fund of perpetual duration. As of June 30, 2016, there were no deficiencies of this nature that are reported in unrestricted net assets.

Endowment Investment and Spending Policies – Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity or for a donor-specified period. The Federation has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

The primary financial objective of the investment policy is to maintain intergenerational equity by preserving and enhancing real purchasing power, while at all times keeping in mind the utmost importance of protecting capital. The primary investment objective of the investment policy is to secure sufficient income and portfolio growth over time to meet the ongoing requirements of the Federation. The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Federation's spending policy governs the use of resources in the various endowment funds for program expenses and administrative costs. Endowment funds are used for the specified purpose, or over the specified time period, as indicated by the donor. Endowment funds for which there is some discretion in how the funds are expended are not used to cover operating deficits in specific units.

The annual amount made available for spending, also known as the annual "spending rate", from endowment funds is determined as 4.5% of the 20-quarter trailing average market value of the endowment.

The Federation's endowment consists of funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table represents the changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 45,973,137	$ 67,486,994	$ 26,412,387	$ 139,872,518
Investment income	1,505,267	1,892,754	-	3,398,021
Net depreciation of investments	(3,728,436)	(4,339,300)	-	(8,067,736)
Contributions	10,918,504	3,140,598	100,700	14,159,802
Amounts appropriated for expenditures	(6,831,444)	(4,399,901)	-	(11,231,345)
Change in contributions received due to changes in donors' intention and circumstances	306,720	-	(306,720)	-
Transfer to/from Federation/Endowment	852,350	-	-	852,350
Endowment net assets, end of year	$ 48,996,098	$ 63,781,145	$ 26,206,367	$ 138,983,610

The amount shown in this footnote as permanently restricted net assets agrees to the total of permanently restricted net assets on the consolidated statement of financial position. The amounts shown in this footnote only reflect the endowment net assets and the classification of the components. Thus, the amounts shown in the footnote as unrestricted and temporarily restricted do not appear in the consolidated statement of financial position as separate amounts. These amounts are included in the totals shown in the consolidated statement of financial position for these net asset classes.

12. Retirement Plans

Defined Benefit Plan: The Federation sponsors a defined benefit pension plan, which covers all employees who have worked at least 1,000 hours and have attained age 21. The Plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Federation and compensation near retirement. Contributions to the Plan reflect benefits attributed to employees' services to date as well as services expected to be earned in the future. Effective July 1, 2004, the Federation froze the defined benefit pension plan.

The investment objective of the Plan is to maintain the purchasing power of the current assets by producing positive real rates of return on Plan assets, achieve a fully funded status with regard to the benefit obligation, have the ability to pay all benefit and expense obligations when due, and maximize return within reasonable and prudent levels of risk in order to minimize contributions and to control costs of administering the Plan and managing the investments.

The Plan also follows ASC 820-10 (see Summary of Significant Accounting Policies). Following is a description of the valuation methodologies used for assets measured at fair value. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

Mutual Funds - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government securities, bonds and global equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include corporate and municipal bonds, mortgage-backed securities and asset backed securities.

Alternative Investments - These investments include private equity funds, hedge funds, real estate funds, venture capital funds, commodity funds, and fund of funds which are subject to certain restrictions and generally have no established trading market. Fair value is determined based on the fund's net asset value (NAV) as provided by the investee fund management or general partner of the respective entity, unless other factors lead to a determination of a fair value at a different amount. These adjustments are made in cases where certain features and conditions of the investment warrant a further adjustment, either a discount or premium, to NAV such as recent financial information received.

Included in the alternative investments at June 30, 2016, is $6,989 in comingled hedge funds. The investment objective of the comingled hedge funds is to seek capital appreciation by allocating assets among private investments to produce an absolute return. These investments are often called "Fund of Funds." The fund managers of these funds are highly transparent with respect to reporting and disseminating data regarding their holdings.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the 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.

The following tables present the Plan's investments that are measured at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Money Market	$ -	$ 48,995	$ -	$ 48,995
Fixed Income	2,972,635	-	-	2,972,635
Equity Income	3,026,601	268,769	-	3,295,370
Large Capital Blend	-	1,195,553	-	1,195,553
Alternative Investments:				
Commingled Hedge Funds	-	-	6,989	6,989
Total investments at fair value	$ 5,999,236	$ 1,513,317	$ 6,989	$ 7,519,542

The following table presents the Plan's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the year ended June 30, 2016:

	Commingled Hedge Funds
Beginning balance	**$ 10,540**
Net realized and unrealized loss	**(441)**
Purchases	**-**
Sales	**(3,110)**
Net transfer in and out of level 3	**-**
Ending balance	**$ 6,989**

Plan assets are allocated as follows at June 30, 2016:

Money Market Mutual Funds	1%
Fixed Income	40%
Equity Income	43%
Large Capital Blend Mutual Funds	16%
Commingled Hedge Funds	0%
Total Plan assets	100%

The changes in the funded status of the Federation's pension plan for the year ended June 30, 2016 was as follows:

Change in benefit obligation:		
Benefit obligation at beginning of year	$	**(8,967,041)**
Interest cost		**(346,940)**
Benefits paid		**541,919**
Actuarial loss		**(1,371,040)**
Benefit obligation at end of year		**(10,143,102)**
Change in Plan assets:		
Fair value of plan assets at beginning of year		**7,709,741**
Employer contribution		**400,000**
Actual loss on plan assets		**(48,280)**
Benefits paid		**(541,919)**
Fair value of plan assets at end of year		**7,519,542**
Funded status (accrued pension liability)	**$**	**(2,623,560)**

The accrued pension liability for the Plan is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

Employer contributions are expected to be approximately $400,000 for the year ending June 30, 2017.

Assumptions: Weighted average assumptions used to determine net periodic pension cost and benefit obligations are as follows:

Discount rate	4.00%
Expected long-term of return on assets	6.50%

The expected long-term rate of return on assets was determined by multiplying the historical rate of return for an asset class by the percentage of Plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plan and the Plan's target asset allocation.

The components of the Federation's pension benefit for the years ended June 30, 2016 consist of the following and are offset against expenses in the consolidated statement of activities:

Employee service cost	$	-
Interest cost		346,940
Actual loss on plan assets		48,280
Amortization of gains or losses		(289,497)
Total	$	105,723

There are no items not yet recognized as a component of the net periodic pension cost for the year ended June 30, 2016.

Based on current data and assumptions, the following benefit payments are expected to be paid over the next ten years:

Years Ending June 30,		
2017	$	660,550
2018	$	651,754
2019	$	658,066
2020	$	671,074
2021 to 2025	$	3,357,169

Given the estimates included in the calculation of this benefit obligation, it is possible amounts recorded under this Plan may change in the near term. As stated earlier in the Summary of Significant Accounting Policies, the value of the Federation's investments has a direct impact on its funded status. The actual impact, if any, and future required contributions cannot be determined at this time.

<u>Defined Contribution Plan</u>: The Federation has a defined contribution pension plan. Employees are eligible to participate after one year of service and 21 years of age. The Federation contributes 5% of eligible salaries for all employees except those 55 years or older where it contributes 6% to the plan annually at the Federation's discretion. Total pension expense for the year ended June 30, 2016, was $251,216.

<u>Deferred Compensation Plans</u>: The Federation has a frozen deferred compensation plan to provide supplemental retirement benefits to nine former employees. The Federation does not fund this plan. The Federation recorded an actuarially calculated reserve, which is included in accounts payable and accrued expenses. The total reserve for the deferred compensation plan at June 30, 2016 was $519,613.

Also, in December 1, 2011, the Federation adopted a 457(b) deferred compensation plan established for a key employee. The plan has an outside administrator who invests the funds at the direction of the participant. The deferred compensation liability and the related funds associated with the plan, amounting to $92,300, are included in other assets and accounts payable and accrued expenses, respectively, in the accompanying consolidated statement of financial position.

13. Commitments and Contingencies

Commitments

Alternative investments, which include private equity investments, have rolling lockups ranging from one to five years. The Federation is obligated under certain limited partnership agreements to fund certain partnership investments periodically up to a specified level. At June 30, 2016, the Federation had unfunded commitments of $3,839,626. Such commitments are generally called over periods of up to seven years and contain fixed expiration dates or other termination clauses.

Tenant Income

The minimum future lease rental income is as follows:

Years ending June 30,		
2017	$	1,099,714
2018		910,783
2019		876,992
2020		264,015
2021		120,064
Thereafter		23,542
Total	$	3,295,110

14. Fair Value Disclosure of Financial Instruments

The estimated fair values of the financial instruments of the Federation are as follows at June 30, 2016:

Description		Carrying Amount		Fair Value
Assets:				
Cash and cash equivalents	$	2,425,714	$	2,425,714
Note receivable	$	1,600,000	$	1,600,000
Promises to give	$	6,349,652	$	6,349,652
Charitable remainder trusts	$	70,244	$	70,244
Investments	$	181,575,325	$	181,575,325
Liabilities:				
Long-term debt	$	12,540,000	$	12,540,000
Split-interest agreements	$	8,573,631	$	8,573,631
Interest rate swap liability	$	797,985	$	797,985

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying value is considered to be a reasonable estimate of the fair value.

Note receivable: The note receivable carrying value approximates fair value as the note bears interest at a market rate and the amount is collectible at any given time.

Promises to give: Promises to give are recorded at fair value when the notice of intent is received. The fair value of promises to give is estimated by discounting the estimated future cash flows to their present values, using the risk free rates of interest at the date of the consolidated statement of financial position.

Charitable remainder trusts: The Federation has interests in two charitable remainder trusts for which it does not act as trustee. The fair values of these trust assets, which are reported at the market value of the investments reported by the trustees, have been identified as Level 3 in the fair value hierarchy due to the uncertainty of the timing of receipt.

Investments:
Mutual Funds - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government securities, bonds and global equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include corporate and municipal bonds, Israel bonds, mortgage-backed securities and asset-backed securities.

Alternative Investments - These investments include absolute return, directional hedge, private equity, real assets, international equity, fund of funds - private equity, and fixed income fund global, which are subject to certain restrictions and generally, have no established trading market. Fair value is determined based on the fund's net asset value (NAV) as provided by the investee fund management or general partner of the respective entity, unless other factors lead to a determination of a fair value at a different amount. These adjustments are made in cases where certain features and conditions of the investment warrant a further adjustment, either a discount or premium, to NAV, such as recent financial information received.

Included in the alternative investments is $15,176,157 in absolute return. The strategies of the absolute return investments is to make positive returns by employing investment management techniques that differ from traditional mutual funds using short selling, futures, options, derivatives, leverage and unconventional assets.

$25,278,099 of alternative investments are in directional hedge funds. The objective of the directional hedge funds is to maintain exposure to the stock market seeking higher returns over the long run. Also included in the alternative investments are investments in real assets of $3,201,233 which are invested in areas that offer strong relative performance in rising inflation environments.

Private equity makes up $2,217,882 of alternative investments which seek to acquire a diversified portfolio of private investments, leveraged buyouts, mezzanine and venture capital funds.

$14,701,635 of alternative investments that are in international equities is primarily invested in global and domestic equities.

Included in the alternative investments is $17,901,953 in commingled funds. The strategies of the commingled funds are to seek capital appreciation by allocating assets among private investments to produce an absolute return. These investments are often called "Fund of Funds."

$9,672,956 of alternative investments that are in fixed income fund – global are primarily invested in world stocks which include a collection of stocks of all the developed markets in the world.

Long-term debt: The fair value of the long-term debt approximates the amount payable at the reporting date as the interest rate varies with current rates.

Split-interest agreements: Split-interest agreements are calculated at the present value of future cash flows which approximates fair market value.

Interest rate swap liability: The estimate of fair value of the interest rate swap liability at year end approximates its carrying amount, which represents the amount the Federation would pay to exit the swap agreement taking into account current interest rates. Given that the swaps do not have quoted market prices and are not actively traded, their valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

The following table sets forth the fair values of financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2016:

Description	Level 1	Level 2	Level 3	Total
Charitable remainder trusts	$ -	$ -	$ 70,244	$ 70,244
Investment - Endowment Fund:				
Alternative Investments:				
Absolute Return	-	-	15,176,157	15,176,157
Directional Hedge	-	-	25,278,099	25,278,099
Private Equity	-	-	2,217,882	2,217,882
Real Assets	-	-	3,201,233	3,201,233
International Equity	-	-	14,701,635	14,701,635
Fund of Funds – Private Equity	-	-	17,901,953	17,901,953
Fixed Income Fund - Global	-	-	9,672,956	9,672,956
Publicly Traded:				
Domestic Equity Funds	31,767,049	-	-	31,767,049
Fixed Income Fund	20,001,778	-	-	20,001,778
International Equity Fund	12,156,392	-	-	12,156,392
Global Equity	23,214,374	-	-	23,214,374
Multi-Strategy	472,853	-	-	472,853
Other:				
Cash and cash equivalents	2,402,181	-	-	2,402,181
Israel Bonds	-	3,121,366	-	3,121,366
Investment – Federation:				
Loans to beneficiary organizations	-	236,483	-	236,483
Israel Bonds	-	52,934	-	52,934
Total assets, at fair value	$ 90,014,627	$ 3,410,783	$ 88,220,159	$ 181,645,569
Split-interest agreements	$ -	$ -	$ (8,573,631)	$ (8,573,631)
Interest rate swap liability	-	-	(797,985)	(797,985)
Total liabilities, at fair value	$ -	$ -	$ (9,371,616)	$ (9,371,616)

The following table sets forth the reconciliation of beginning and ending balances related to fair value measurements for assets using significant unobservable inputs (Level 3):

	Charitable remainder trusts	Alternative Investments	Total
Balance as of June 30, 2015	$ 122,191	$ 94,161,789	$ 94,283,980
Net realized and unrealized loss	(51,947)	(2,883,079)	(2,935,026)
Purchases	-	942,640	942,640
Sales	-	(4,071,435)	(4,071,435)
Balance as of June 30, 2016	$ 70,244	$ 88,149,915	$ 88,220,159

There were no transfers in and out of level 3.

The following table sets forth the reconciliation of beginning and ending balances related to fair value measurements for liabilities using significant unobservable inputs (Level 3):

	Split-interest agreements	Interest rate swap liability	Total
Balance as of June 30, 2015	$ (8,428,088)	$ (24,912)	$ (8,453,000)
Net realized and unrealized loss	-	(773,073)	(773,073)
Decrease in Remainder Interest Payable	143,165	-	143,165
Increase in Annuity Payable	(288,708)	-	(288,708)
Net transfers in and out of Level 3	-	-	-
Balance as of June 30, 2016	$ (8,573,631)	$ (797,985)	$ (9,371,616)

Quantitative Information - Quantitative information as of June 30, 2016, with respect to assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value as of June 30, 2016	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Charitable remainder trusts	**$ 70,244**	Income Approach	Discount Rates Life Expectancies Payouts Allocation Percentages	N/A
Split-interest agreements	**$ (8,573,631)**	Income Approach	Discount Rates Life Expectancies Payouts Allocation Percentages	N/A

Quantitative unobservable inputs are not developed by the Federation in the valuation of its investments or swap liabilities. The Federation uses the values reported by each fund manager as the basis for valuation noting that the valuation techniques and unobservable inputs vary widely among its fund managers. The swap liabilities are non-complex instruments and are valued using standard yield curves adjusted to mid-market values as deemed appropriate by the counterparties.

Level 3 Valuation Process - Absent a solid, reliable quantitative model to assess the reasonableness of investment manager reported valuations, management applies qualitative measures which consist of various informational analyses including:

- Comparisons of reported performance to benchmark performances.
- Reviews of external audit reports of each fund.
- Reviews of SSAE16 reports of each fund where available.
- Monitoring and evaluations of relevant news in the financial press.
- Participation in conference calls, presentations, or investor meetings conducted by investment managers.
- Consideration and review of non-public information available through subscription financial information services and/or communications from individual fund managers.

- Consideration of fund managers' delivery of quality and timely fund performance information, risk analysis, market outlook analysis and overall responsiveness to investor queries and requests for information.

The Federation's investment advisor also performs on-going due diligence of the funds which includes evaluation of each fund manager's investment process, organizational changes, compliance with applicable rules and regulations, review of fees and charges, and analysis of performance, leverage, return patterns, volatility over time, drawdowns and recovery periods, gross and net exposures, and other factors as determined to be appropriate. The investment advisor also has regular calls with management of the funds and meets periodically with the Federation's investment committee and reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2016.

For swap liabilities, the Federation tracks quoted values for each instrument monthly to assess the reasonableness of reported values. Management also ensures that there have not been any changes in the underlying terms of each swap during the year.

15. Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, "*Fair Value Measurements and Disclosures (Topic 820) – Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*", the Federation expanded disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable, as of June 30, 2016. For the Federation, such assets include the alternative investments.

The following table sets forth a summary of the Federation's investments with a reported NAV as of June 30, 2016:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Alternative Investments				
Absolute Return	$ 15,176,157	$ -	monthly, quarterly, annually	45-120
Directional Hedge	25,278,099	-	monthly, quarterly, annually	45-120
Private Equity	2,217,882	1,285,433	No immediate liquidity*	n/a
Real Assets	3,201,233	520,564	No immediate liquidity*	n/a
International Equity	14,701,635	-	Monthly	30
Fund of Funds – Private Equity	17,901,953	2,033,629	No immediate liquidity*	n/a
Fixed Income Fund - Global	9,672,956	-	Monthly	15
	$ 88,149,915	$ 3,839,626		

Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.

16. Supplemental Disclosures of Cash Flow Information

The Federation and Subsidiary paid $368,130 for interest for the year ended June 30, 2016.

The Federation and Subsidiary paid $360,558 for income taxes for the year ended June 30, 2016.

17. Subsequent Events

The Federation evaluated subsequent events through February 23, 2017 which is the date the consolidated financial statements were issued. No subsequent events were noted that required disclosure in the consolidated financial statements other than the line-of-credit discussed in Note 7 that was fully paid off subsequent to year end.

Supplemental Material

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidating Schedule of Financial Position by Fund

June 30, 2016

	Federation	Endowment Fund	LLC	Eliminations	Total
Assets					
Cash and cash equivalents	$ 964,558	$ 1,325,903	$ 135,253	$ -	$ 2,425,714
Receivables, net	6,899,486	287,293	50,617	(531,780)	6,705,616
Due from Endowment Fund - Reserves	6,032,063	-	-	(6,032,063)	-
Restricted cash	-	-	-	-	-
Note receivable	1,600,000	-	-	-	1,600,000
Investments	289,417	181,285,908	65,882	(65,882)	181,575,325
Cash surrender value of life insurance	-	6,394,780	-	-	6,394,780
Bond issuance costs	-	-	148,798	-	148,798
Other assets	166,102	-	5,000	-	171,102
Land, building and equipment, net	1,208,907	-	18,738,271	-	19,947,178
Donated assets - land and property	-	567,795	-	-	567,795
Total assets	$ 17,160,533	189,861,679	$ 19,143,821	$ (6,629,725)	$ 219,536,308
Liabilities and net assets					
Liabilities					
Allocations to beneficiary organizations	$ 10,043,001	$ -	$ -	$ -	$ 10,043,001
Accounts payable and accrued expenses	4,022,517	1,687,577	457,868	(597,662)	5,570,300
Due to agencies and supporting organizations	-	34,584,798	-	-	34,584,798
Due to Federation - Reserves	-	6,032,063	-	(6,032,063)	-
Line-of-credit	1,450,000	-	-	-	1,450,000
Long-term debt	-	-	12,540,000	-	12,540,000
Split-interest agreements	-	8,573,631	-	-	8,573,631
Interest rate swap liability	-	-	797,985	-	797,985
Total liabilities	15,515,518	50,878,069	13,795,853	(6,629,725)	73,559,715
Commitments and contingencies					
Net assets					
Unrestricted	28,308	48,996,098	5,347,968	-	54,372,374
Temporarily restricted	1,616,707	63,781,145	-	-	65,397,852
Permanently restricted	-	26,206,367	-	-	26,206,367
Total net assets	1,645,015	138,983,610	5,347,968	-	145,976,593
Total liabilities and net assets	$ 17,160,533	$ 189,861,679	$ 19,143,821	$ (6,629,725)	$ 219,536,308

See accompanying independent auditor's report and notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidating Schedule of Financial Position by Fund

June 30, 2015

	Federation	Endowment Fund	LLC	Eliminations	Total
Assets					
Cash and cash equivalents	$ 345,084	$ 1,939,612	$ 165,449	$ -	$ 2,450,145
Receivables, net	5,083,398	298,192	156,957	(548,451)	4,990,096
Due from Endowment Fund - Reserves	6,884,413	-	-	(6,884,413)	-
Restricted cash	-	-	15,955	-	15,955
Note receivable	1,600,000	-	-	-	1,600,000
Investments	374,889	183,814,429	68,274	(68,274)	184,189,318
Cash surrender value of life insurance	-	7,075,092	-	-	7,075,092
Bond issuance costs	-	-	154,367	-	154,367
Other assets	392,759	-	4,599	-	397,358
Land, building and equipment, net	1,362,212	-	19,033,994	-	20,396,206
Donated assets - land and property	-	567,795	-	-	567,795
Total assets	$ 16,042,755	193,695,120	$ 19,599,595	$ (7,501,138)	$ 221,836,332
Liabilities and net assets					
Liabilities					
Allocations to beneficiary organizations	$ 9,656,529	$ -	$ -	$ -	$ 9,656,529
Accounts payable and accrued expenses	2,971,706	1,712,376	208,528	(616,725)	4,275,885
Due to agencies and supporting organizations	-	36,797,725	-	-	36,797,725
Due to Federation - Reserves	-	6,884,413	-	(6,884,413)	-
Line-of-credit	2,710,700	-	-	-	2,710,700
Long-term debt	-	-	12,835,000	-	12,835,000
Split-interest agreements	-	8,428,088	-	-	8,428,088
Interest rate swap liability	-	-	24,912	-	24,912
Total liabilities	15,338,935	53,822,602	13,068,440	(7,501,138)	74,728,839
Commitments and contingencies					
Net assets					
Unrestricted	(1,317,120)	45,973,137	6,531,155	-	51,187,172
Temporarily restricted	2,020,940	67,486,994	-	-	69,507,934
Permanently restricted	-	26,412,387	-	-	26,412,387
Total net assets	703,820	139,872,518	6,531,155	-	147,107,493
Total liabilities and net assets	$ 16,042,755	$ 193,695,120	$ 19,599,595	$ (7,501,138)	$ 221,836,332

See accompanying independent auditor's report and notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidating Schedule of Fund Accountability
For the Year Ended June 30, 2016

	Federation	Endowment Fund	LLC	Eliminations	Total
Support and revenue					
Contributions - Endowment Fund	$ -	$ 14,159,802	$ -	$ -	$ 14,159,802
Contributions - Federation	20,538,286	-	-	(358,622)	20,179,664
Grants and contributions from Endowment Fund	3,334,155	-	-	(3,334,155)	-
Other	534,378	-	-	-	534,378
Investment return, net	11,633	(4,669,715)	-	-	(4,658,082)
Total support and revenue	24,418,452	9,490,087	-	(3,692,777)	30,215,762
Commercial building operations					
Revenues	-	-	1,823,146	(205,000)	1,618,146
Expenses	-	-	(2,233,260)	-	(2,233,260)
Net unrealized loss on interest rate swap liability	-	-	(773,073)	-	(773,073)
Net loss on commercial operations	-	-	(1,183,187)	(205,000)	(1,388,187)
Total support, revenue and commercial building operations	24,418,452	9,490,087	(1,183,187)	(3,897,777)	28,827,575
Expenses					
Program services					
Allocations to beneficiary organizations	10,698,812	9,249,664	-	(2,665,405)	17,283,071
Community planning and outreach program	3,768,094	318,485	-	(375,341)	3,711,238
Total program services	14,466,906	9,568,149	-	(3,040,746)	20,994,309
Supporting services					
Fundraising	4,259,505	708,887	-	(800,192)	4,168,200
Management and central services	2,896,188	-	-	(56,839)	2,839,349
Total supporting services	7,155,693	708,887	-	(857,031)	7,007,549
Total expenses	21,622,599	10,277,036	-	(3,897,777)	28,001,858
Change in net assets before other revenue (expenses)	2,795,853	(786,949)	(1,183,187)	-	825,717
Change in value of split-interest agreements and annuity payments	-	(925,029)	-	-	(925,029)
Recovery of uncollectible promises to give	1,385,460	-	-	-	1,385,460
Provision for uncollectible promises to give	(727,231)	-	-	-	(727,231)
Others	-	(29,280)	-	-	(29,280)
Pension related changes other than net periodic pension costs	(1,660,537)	-	-	-	(1,660,537)
Change in net assets	1,793,545	(1,741,258)	(1,183,187)	-	(1,130,900)
Transfer to/from Federation/Endowment	(852,350)	852,350	-	-	-
Net assets, beginning of year	703,820	139,872,518	6,531,155	-	147,107,493
Net assets, end of year	$ 1,645,015	$ 138,983,610	$ 5,347,968	$ -	$ 145,976,593

See accompanying independent auditor's report and notes to consolidated financial statements.

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidating Schedule of Fund Accountability
For the Year Ended June 30, 2015

	Federation	Endowment Fund	LLC	Eliminations	Total
Support and revenue					
Contributions - Endowment Fund	$ -	$ 13,858,699	$ -	$ (373,820)	$ 13,484,879
Contributions - Federation	20,737,900	-	-	-	20,737,900
Grants and contributions from Endowment Fund	3,395,224	-	-	(3,395,224)	-
Other	730,127	159,119	-	-	889,246
Investment return, net	17,642	2,252,097	-	-	2,269,739
Total support and revenue	24,880,893	16,269,915	-	(3,769,044)	37,381,764
Commercial building operations					
Revenues	-	-	2,233,974	(436,134)	1,797,840
Expenses	-	-	(2,219,431)	-	(2,219,431)
Net unrealized gain on interest rate swap liability	-	-	289,545	-	289,545
Net loss on commercial operations	-	-	304,088	(436,134)	(132,046)
Total support, revenue and commercial building operations	24,880,893	16,269,915	304,088	(4,205,178)	37,249,718
Expenses					
Program services					
Allocations to beneficiary organizations	12,354,020	9,821,366	-	(3,040,302)	19,135,084
Community planning and outreach program	3,336,927	227,286	-	(227,286)	3,336,927
Total program services	15,690,947	10,048,652	-	(3,267,588)	22,472,011
Supporting services					
Fundraising	4,199,043	805,841	-	(805,840)	4,199,044
Management and central services	3,156,169	-	-	(131,750)	3,024,419
Total supporting services	7,355,212	805,841	-	(937,590)	7,223,463
Total expenses	23,046,159	10,854,493	-	(4,205,178)	29,695,474
Change in net assets before other revenue (expenses)	1,834,734	5,415,422	304,088	-	7,554,244
Change in value of split-interest agreements and annuity payments	-	(879,040)	-	-	(879,040)
Recovery of uncollectible promises to give	459,243	-	-	-	459,243
Provision for uncollectible promises to give	(736,089)	-	-	-	(736,089)
Pension related changes other than net periodic pension costs	(715,451)	-	-	-	(715,451)
Change in net assets	842,437	4,536,382	304,088	-	5,682,907
Transfer to/from Federation/Endowment	2,088,635	(2,088,635)	-	-	-
Net assets, beginning of year	(2,227,252)	137,424,771	6,227,067	-	141,424,586
Net assets, end of year	$ 703,820	$ $139,872,518	$ $6,531,155	$ -	$ 147,107,493

See accompanying independent auditor's report and notes to consolidated financial statements.