The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Financial Statements
Year Ended June 30, 2015

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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, 2015, 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, 2015, 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 2014 consolidated financial statements, and our report dated February 18, 2014, 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, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

February 24, 2016

Consolidated Financial Statements

The Jewish Federation of Greater Washington, Inc. and Subsidiary

Consolidated Statement of Financial Position

June 30,		**2015**		2014
Assets				
Cash and cash equivalents	**$**	**2,450,145**	$	2,505,867
Receivables, net		**4,990,096**		5,631,877
Restricted cash		**15,955**		3,637,470
Note receivable		**1,600,000**		-
Investments		**184,189,318**		178,355,355
Cash surrender value of life insurance		**7,075,092**		6,808,766
Bond issuance costs		**154,367**		159,935
Other assets		**397,358**		177,231
Land, building and equipment, net		**20,396,206**		16,281,024
Donated assets – land and property		**567,795**		567,795
Asset held for sale		**-**		2,000,000
Total assets	**$**	**221,836,332**	$	216,125,320
Liabilities and net assets				
Liabilities				
Allocations to beneficiary organizations	**$**	**9,656,529**	$	9,761,259
Accounts payable and accrued expenses		**4,275,885**		4,528,658
Due to agencies and supporting organizations		**36,797,725**		34,963,164
Line-of-credit		**2,710,700**		3,660,700
Long-term debt		**12,835,000**		13,125,000
Split-interest agreements		**8,428,088**		8,347,496
Interest rate swap liability		**24,912**		314,457
Total liabilities		**74,728,839**		74,700,734
Commitments and contingencies				
Net assets				
Unrestricted		**51,187,172**		48,193,720
Temporarily restricted		**69,507,934**		69,060,854
Permanently restricted		**26,412,387**		24,170,012
Total net assets		**147,107,493**		141,424,586
Total liabilities and net assets	**$**	**221,836,332**	$	216,125,320

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, 2015
(with summarized comparative information for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Support and revenue					
Contributions – Endowment Fund	$ 6,032,166	$ 5,210,338	$ 2,242,375	$ 13,484,879	$ 14,783,350
Contributions – Federation	19,808,469	929,431	-	20,737,900	15,676,688
Other	889,246	-	-	889,246	633,446
Investment return, net	1,026,679	1,243,060	-	2,269,739	18,587,878
Net assets released from restrictions	6,935,749	(6,935,749)	-	-	-
Total support and revenue	34,692,309	447,080	2,242,375	37,381,764	49,681,362
Commercial building operations					
Revenues	1,797,840	-	-	1,797,840	1,715,532
Expenses	(1,929,886)	-	-	(1,929,886)	(1,615,438)
Net (loss) income on commercial building operations	(132,046)	-	-	(132,046)	100,094
Total support, revenue, and commercial building operations	34,560,263	447,080	2,242,375	37,249,718	49,781,456
Expenses					
Program services					
Allocation to beneficiary organizations	19,135,084	-	-	19,135,084	24,437,602
Community planning and outreach program	3,336,927	-	-	3,336,927	2,470,029
Total program services	22,472,011	-	-	22,472,011	26,907,631
Supporting services					
Fundraising	4,199,044	-	-	4,199,044	4,648,453
Management and central services	3,024,419	-	-	3,024,419	3,921,751
Total supporting services	7,223,463	-	-	7,223,463	8,570,204
Total expenses	29,695,474	-	-	29,695,474	35,477,835
Change in net assets before other revenue (expenses)	4,864,789	447,080	2,242,375	7,554,244	14,303,621
Change in value of split-interest agreements	(879,040)	-	-	(879,040)	(82,440)
Provision for uncollectible promises to give	(736,089)	-	-	(736,089)	(594,267)
Recovery of bad debt expense	459,243	-	-	459,243	547,453
Pension related changes other than net periodic pension costs	(715,451)	-	-	(715,451)	509,398
Fair value adjustment on asset held for sale	-	-	-	-	(239,286)
Change in net assets	2,993,452	447,080	2,242,375	5,682,907	14,444,479
Net assets, beginning of year	48,193,720	69,060,854	24,170,012	141,424,586	126,980,107
Net assets, end of year	$ 51,187,172	$ 69,507,934	$ 26,412,387	$ 147,107,493	$ 141,424,586

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, 2015
(with summarized comparative information for the year ended June 30, 2014)

	Program Services			Supporting Services				
	Allocations to Beneficiary Organizations	Community Planning and Outreach Program	Total Program Services	Fundraising	Management and Central Services	Total Supporting Services	2015 Total	2014 Total
Grant Expenses	$ 19,135,084	$ -	$ 19,135,084	$ -	$ -	$ -	$ 19,135,084	$ 24,437,602
Salaries	-	1,406,561	1,406,561	2,500,450	1,585,476	4,085,926	5,492,487	5,522,059
Purchased services	-	471,689	471,689	550,531	285,681	836,212	1,307,901	1,509,284
Employee benefits	-	173,661	173,661	268,129	290,148	558,277	731,938	955,664
Facility and equipment rentals	-	128,089	128,089	172,878	114,684	287,562	415,651	598,129
Payroll taxes	-	104,306	104,306	166,673	105,638	272,311	376,617	380,607
Printing and stationery	-	199,101	199,101	101,743	4,183	105,926	305,027	178,319
Depreciation and amortization expense	-	25,726	25,726	50,275	153,031	203,306	229,032	316,652
Travel and conference	-	110,796	110,796	48,642	55,939	104,581	215,377	188,092
Banquets and functions	-	146,960	146,960	27,295	37,506	64,801	211,761	206,389
Telephone	-	31,435	31,435	46,172	79,492	125,664	157,099	34,538
Professional fees	-	26,874	26,874	-	74,522	74,522	101,396	112,455
Publicity, promotion, and marketing	-	77,295	77,295	10,153	13,733	23,886	101,181	117,615
Postage and mailing services	-	13,820	13,820	82,688	3,763	86,451	100,271	80,879
Office supplies and maintenance	-	33,980	33,980	6,560	41,134	47,694	81,674	129,510
Missions	-	50,793	50,793	-	2,267	2,267	53,060	135,627
Insurance premium expenses	-	-	-	-	31,024	31,024	31,024	29,491
Other	-	335,841	335,841	166,855	146,198	313,053	648,894	544,923
Total expenses 2015	**$ 19,135,084**	**$ 3,336,927**	**$ 22,472,011**	**$ 4,199,044**	**$ 3,024,419**	**$ 7,223,463**	**$ 29,695,474**	
Total expenses 2014	$ 24,437,602	$ 2,470,029	$ 26,907,631	$ 4,648,453	$ 3,921,751	$ 8,570,204		$ 35,477,835

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,	**2015**	2014
Cash flows from operating activities		
Change in net assets	**$ 5,682,907**	$ 14,444,479
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	**713,630**	513,640
Provision for uncollectible promises to give	**736,089**	594,267
Recovery of bad debt expense	**(459,243)**	(547,453)
Present value change applied to receivables	**524,064**	(72,149)
Split-interest agreements liability	**80,592**	(547,864)
Unrealized and realized gain	**(2,269,739)**	(17,303,676)
Gain on interest rate swaps	**(289,545)**	(209,921)
Permanently restricted contributions	**(2,285,635)**	(105,012)
Amortization of debt issuance costs	**5,568**	5,570
Loss on decline of fair value of asset held for sale	**-**	239,286
Decrease (increase) in assets		
Receivables	**(159,129)**	2,623,476
Other assets	**(220,127)**	15,513
Increase (decrease) in liabilities		
Allocations to beneficiary organizations	**(104,730)**	(274,913)
Accounts payable and accrued expenses	**(252,773)**	(611,098)
Due to agencies and supporting organizations	**1,834,561**	3,061,451
Net cash provided by operating activities	**3,536,490**	1,825,596
Cash flows from investing activities		
Purchases of investments	**(30,638,595)**	(49,762,562)
Proceeds from sale of investments	**27,074,371**	46,032,034
Issuance of loan	**(1,600,000)**	-
Proceeds from sale of building	**2,000,000**	-
Change in cash surrender value of life insurance	**(266,326)**	3,526,849
Purchases of land, building and equipment	**(4,828,812)**	(326,623)
Restriction of cash	**3,621,515**	218,765
Proceeds from sale of donated assets – land and property	**-**	250,098
Net cash used in investing activities	**(4,637,847)**	(61,439)
Cash flows from financing activities		
Proceeds from line-of-credit	**3,550,000**	4,910,700
Payments on line-of-credit	**(4,500,000)**	(5,000,000)
Payment of long-term debt	**(290,000)**	(275,000)
Proceeds from permanently restricted contributions	**2,285,635**	105,012
Net cash provided by (used in) financing activities	**1,045,635**	(259,288)
Increase in cash and cash equivalents	**(55,722)**	1,504,869
Cash and cash equivalents, beginning of year	**2,505,867**	1,000,998
Cash and cash equivalents, end of year	**$ 2,450,145**	$ 2,505,867

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 (see Note 4).

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 $2,325,610 (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 73 life insurance policies. The cash surrender value of these policies was $7,075,092 at June 30, 2015. The sum of all death benefits, which will be added to Endowment Fund assets after the death of the insured, is approximately $29.3 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 40 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.

Asset Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Federation's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Federation's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statement of activities. Gains are not recognized in excess of any cumulative impairment loss.

Building and equipment once classified as held for sale or distribution are not amortized or depreciated.

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 $379,827 in federal and state income taxes during the fiscal year ended June 30, 2015, in connection with unrelated debt-financed income on certain partnerships owned by the Federation. No amounts were payable as of June 30, 2015.

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, 2015 the Federation paid $21,077 in interest and penalties.

The tax years ended June 30, 2012, 2013, and 2014, 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, 2014, from which the summarized information was derived.

Recent Accounting Pronouncements

In May 2014, FASB issued 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 statements 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.

2. Receivables

Receivables consist of the following at June 30, 2015:

Promises to give	$	7,060,656
Charitable remainder trusts		536,494
Other		170,561
		7,767,711
Less provision for doubtful promises to give		2,325,610
Less discount to net present value – charitable remainder trusts		414,303
Less discount to net present value – promises to give		37,702
		2,777,615
Total	$	4,990,096

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, 2015:

Promises to give in less than one year	$	6,730,656
Promises to give in one to five years		330,000
Total promises to give		7,060,656
Less provision for doubtful promises to give		2,325,610
Less discount to net present value		37,702
Net promises to give	$	4,697,344

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, 2015.

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, 2015, the total Federation reserve funds invested in the Investments – Endowment Fund, were approximately $6.9 million, which is included in the $183,814,429 below.

Investments consist of the following at June 30, 2015:

Investment – Endowment Fund:	
Alternative Investments:	
Absolute Return	$ 16,494,562
Directional Hedge	27,316,601
Private Equity	2,004,048
Real Assets	4,884,668
International Equity	14,583,252
Fund of Funds – Private Equity	18,819,553
Fixed Income Fund – Global	10,059,105
Publicly Traded:	
Domestic Equity Funds	27,732,602
Fixed Income Fund	26,330,716
International Equity Fund	10,009,107
Global Equity	18,221,959
Multi-Strategy	549,304
Other:	
Cash and cash equivalents	3,387,605
Israel Bonds	3,421,347
Total Endowment Fund investments	$ 183,814,429
Investments – Federation:	
Loans to beneficiary organizations	$ 329,765
Israel Bonds	45,124
Total Federation investments	$ 374,889
Total investments	$ 184,189,318
Less: amounts due to agencies and supporting organizations	36,797,725
Total investments, net of agencies	$ 147,391,593

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 return consists of the following for the year ended June 30, 2015:

Interest and dividends	$ 2,018,245
Unrealized and realized gains	506,479
Less: investment fees	(254,985)
Total investment return	$ 2,269,739

4. Land, Building and Equipment

Land, building and equipment, and accumulated depreciation and amortization at June 30, 2015, and depreciation and amortization expense for the year ended June 30, 2015, are as follows:

Asset Category	Estimated Useful Lives	Cost	Accumulated Depreciation and Amortization	Net	Depreciation and Amortization Expense
Building	39 years	$17,428,696	$ 928,802	$16,499,894	$ 484,599
Land	n/a	2,534,100	-	2,534,100	-
Computers and software	3-7 years	1,862,589	1,367,083	495,506	161,989
Furniture and equipment	3-10 years	1,378,419	511,713	866,706	67,042
Total land, building and equipment		$23,203,804	$ 2,807,598	$20,396,206	$ 713,630

5. Note Receivable / Asset Held for Sale

The Federation has 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. The Federation assessed that the criteria of ASC 360 "*Property, Plant and Equipment*" for classifying an asset as asset held for sale was met at the date the offer to purchase the building was accepted hence, the Federation reclassified the balance of the building under capital lease, including related building improvements and other immovable furniture and equipment as asset held for sale as of June 30, 2014.

The total cost of the building under capital lease, building improvements and other immovable furniture and equipment amounted to $6,852,640 and the related accumulated depreciation amounted to $4,613,354 resulting to a net book value of $2,239,286. The difference between the net book value and the agreed selling price of the asset (assumed fair value) is $239,286 has been presented as fair value adjustment on asset held for sale in the consolidated statement of activities for the period ended June 30, 2014.

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 2015 amounted to $51,729.

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, 2015, are as follows:

	Unrestricted	Community Security	Endowment	Total
International Allocations				
Jewish Federations of North America	$ 2,896,380	$ -	$ 551,528	$ 3,447,908
Other International Beneficiaries	-	-	1,338,386	1,338,386
Israel Emergency Campaign	856,500	-	-	856,500
Total international allocations	**$ 3,752,880**	**$ -**	**$ 1,889,914**	**$ 5,642,794**
National Allocations				
Jewish Federations of North America Collective Responsibility	$ 837,000	$ -	$ -	$ 837,000
Other National Agencies	-	-	624,067	624,067
Birthright Israel Fair Share	207,000	-	-	207,000
National Alliance	141,700	-	-	141,700
High School in Israel	-	-	18,814	18,814
Other Jewish National Agencies	40,000	-	819,301	859,301
Other Jewish Federations	-	-	68,950	68,950
Total national allocations	**$ 1,225,700**	**$ -**	**$ 1,531,132**	**$ 2,756,832**
Local Allocations				
Jewish Social Service Agency	$ 921,046	$ -	$ 146,608	$ 1,067,654
Jewish Community Center of Greater Washington	750,687	-	125,847	876,534
Holocaust Survivors Services	262,500	-	410,725	673,225
Jewish Community Relations Council	587,405	-	59,954	647,359
Jewish Education	574,829	-	-	574,829
Charles E. Smith Day School	472,817	22,500	65,270	560,587
Washington D.C. Jewish Community Center	387,556	-	170,447	558,003
Jewish Council for the Aging	290,659	-	112,034	402,693
Yeshiva of Greater Washington	80,714	-	314,650	395,364
Coming of Age	395,015	-	-	395,015
Melvin J. Berman Hebrew Academy	316,434	21,500	32,279	370,213
Jewish Community Center/NOVA	316,744	-	41,514	358,258
Task Force Initiatives	299,100	-	-	299,100
Jewish Foundation for Group Homes	183,423	-	110,180	293,603
Campus Hillels	152,705	-	18,245	170,950
Torah School of Greater Washington	150,879	12,000	5,080	167,959
Jewish Primary Day School	133,453	21,500	500	155,453
Capital Camps and Retreat Centers	116,535	-	36,715	153,250
Gesher Jewish Day School	62,370	21,500	10,909	94,779
Jewish Coalition Against Domestic				

	Unrestricted	Community Security	Endowment	Total
Abuse	49,021	-	37,970	86,991
Create Jewish Legacy	82,500	-	-	82,500
Charles E. Smith Life Communities	-	-	57,878	57,878
Initiative in Congregational Education	53,301	-	-	53,301
One Happy Camper	45,822	-	-	45,822
Jewish Historical Society of Greater Washington	17,622	-	24,585	42,207
Youth Groups	32,277	-	-	32,277
Other allocations to Jewish Organizations	167,206	-	1,037,241	1,204,447
Other allocations to Local Agencies	-	-	915,207	915,207
Total local allocations	**$ 6,902,620**	**$ 99,000**	**$ 3,733,838**	**$ 10,735,458**
Total allocations 2015	**$ 11,881,200**	**$ 99,000**	**$ 7,154,884**	**$ 19,135,084**

7. Line-of-Credit

The Federation obtained an unsecured $6,000,000 line-of-credit from PNC Bank, which matures March 30, 2016. The line-of-credit bears interest at the LIBOR rate plus 1.25%, which was 1.4% at June 30, 2015. The outstanding balance under this line-of-credit at June 30, 2015, was $2,710,700, in which the balance was subsequently paid in full on January 6, 2016.

8. Long-term Debt

Long-term debt consists of the following at June 30, 2015:

Colorado Educational and Cultural Facilities Authority Variable Rate Demand Revenue Bonds	**$ 8,600,000**
Taxable Variable Rate Demand Bond	**4,235,000**
Long-term debt	**12,835,000**
Less: current portion	**295,000**
Long-term debt, net of current portion	**$ 12,540,000**

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 2015 amounted to $154,330.

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, 2015.

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 $190,630 in 2015.

Maturities of debt are as follows:

2016	$ 295,000
2017	305,000
2018	315,000
2019	325,000
2020	335,000
Thereafter	11,260,000
	$ 12,835,000

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, 2015, due to the purpose restrictions being accomplished.

Activity in the temporarily restricted net assets during the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Contributions and Changes	Investment Return	Released from Restrictions	Balance June 30, 2015
Endowment Fund	$ 66,794,030	$ 5,210,338	$ 1,243,060	$ (5,760,434)	$ 67,486,994
Federation	2,266,824	929,431	-	(1,175,315)	2,020,940
Total temporarily restricted net assets	$ 69,060,854	$ 6,139,769	$ 1,243,060	$ (6,935,749)	$ 69,507,934

10. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following at June 30, 2015:

Donor Designated funds	$	11,718,251
Field of interest		7,770,459
General funds		3,869,719
Donor advised funds		3,053,958
Total permanently restricted net assets	$	26,412,387

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, 2015, 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, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 46,460,729	$ 66,794,030	$ 24,170,012	$ 137,424,771
Investment income	1,694,369	3,126,081	-	4,820,450
Net depreciation of investments	(685,332)	(1,883,021)	-	(2,568,353)
Contributions	6,405,986	5,210,338	2,242,375	13,858,699
Amounts appropriated for expenditures	(5,813,980)	(5,760,434)	-	(11,574,414)
Transfer to/from Federation/Endowment	(2,088,635)	-	-	(2,088,635)
Endowment net assets, end of year	$ 45,973,137	$ 67,486,994	$ 26,412,387	$ 139,872,518

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, 2015, is $10,540 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, 2015:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Money Market	$ -	$ 39,185	$ -	$ 39,185
Fixed Income	2,917,047	-	-	2,917,047
Equity Income	3,245,817	-	-	3,245,817
Large Capital Blend	-	1,497,152	-	1,497,152
Alternative Investments:				
Commingled Hedge Funds	-	-	10,540	10,540
Total investments at fair value	$ 6,162,864	$ 1,536,337	$ 10,540	$ 7,709,741

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, 2015:

	Commingled Hedge Funds
Beginning balance	$ 14,396
Net realized and unrealized gain	31
Purchases	-
Sales	(3,887)
Net transfer in and out of level 3	-
Ending balance	$ 10,540

Plan assets are allocated as follows at June 30, 2015:

Money Market Mutual Funds	1%
Fixed Income	38%
Equity Income	42%
Large Capital Blend Mutual Funds	19%
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, 2015 was as follows:

Change in benefit obligation:		
Benefit obligation at beginning of year	$	(8,846,054)
Interest cost		(365,287)
Benefits paid		465,634
Actuarial loss		(221,334)
Benefit obligation at end of year		(8,967,041)
Change in Plan assets:		
Fair value of plan assets at beginning of year		7,879,530
Employer contribution		400,000
Actual loss		(613,006)
Expected return on plan assets		508,851
Benefits paid		(465,634)
Fair value of plan assets at end of year		7,709,741
Funded status (accrued pension liability)	$	(1,257,300)

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, 2016.

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

Discount rate	4.25%
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, 2015 consist of the following and are offset against expenses in the consolidated statement of activities:

Employee service cost	$	-
Interest cost		365,287
Expected return on plan assets		(508,851)
Amortization of gains or losses		118,889
Total	$	(24,675)

There are no items not yet recognized as a component of the net periodic pension cost for the year ended June 30, 2015.

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

Years Ending June 30,		
2016	$	513,132
2017	$	561,648
2018	$	615,288
2019	$	608,256
2020	$	596,424
2021 to 2025	$	2,974,920

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.

Defined Contribution Plan: 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, 2015, was $210,176.

Deferred Compensation Plan: 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, 2015 was $545,705.

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 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

Certain 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, 2015, the Federation had unfunded commitments of $2,947,709. 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,		
2016	$	1,134,030
2017		1,031,502
2018		859,168
2019		865,630
2020		262,878
Thereafter		143,607
Total	$	4,296,815

14. Fair Value Disclosure of Financial Instruments

The estimated fair values of the financial instruments of the Federation are as follows at June 30, 2015:

Description		Carrying Amount		Fair Value
Assets:				
Cash and cash equivalents	$	2,450,145	$	2,450,145
Restricted cash	$	15,955	$	15,955
Note receivable	$	1,600,000	$	1,600,000
Promises to give	$	4,697,344	$	4,697,344
Charitable remainder trusts	$	122,191	$	122,191
Investments	$	184,189,318	$	184,189,318
Liabilities:				
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

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 and restricted cash: 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 $16,494,562 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.

$27,316,601 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 $4,884,668 which are invested in areas that offer strong relative performance in rising inflation environments.

Private equity makes up $2,004,048 of alternative investments which seek to acquire a diversified portfolio of private investments, leveraged buyouts, mezzanine and venture capital funds.

$14,583,252 of alternative investments that are in international equities is primarily invested in global and domestic equities.

Included in the alternative investments is $18,819,553 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."

$10,059,105 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.

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, 2015:

Description	Level 1	Level 2	Level 3	Total
Charitable remainder trusts	$ -	$ -	$ 122,191	$ 122,191
Investment - Endowment Fund:				
Alternative Investments:				
Absolute Return	-	-	16,494,562	16,494,562
Directional Hedge	-	-	27,316,601	27,316,601
Private Equity	-	-	2,004,048	2,004,048
Real Assets	-	-	4,884,668	4,884,668
International Equity	-	-	14,583,252	14,583,252
Fund of Funds – Private Equity	-	-	18,819,553	18,819,553
Fixed Income Fund - Global	-	-	10,059,105	10,059,105
Publicly Traded:				
Domestic Equity Funds	27,732,602	-	-	27,732,602
Fixed Income Fund	26,330,716	-	-	26,330,716
International Equity Fund	10,009,107	-	-	10,009,107
Global Equity	18,221,959	-	-	18,221,959
Multi-Strategy	549,304	-	-	549,304
Other:				
Cash and cash equivalents	3,387,605	-	-	3,387,605
Israel Bonds	-	3,421,347	-	3,421,347
Investment – Federation:				
Loans to beneficiary organizations	-	329,765	-	329,765
Israel Bonds	-	45,124	-	45,124
Total assets, at fair value	$ 86,231,293	$ 3,796,236	$ 94,283,980	$ 184,311,509
Split-interest agreements	$ -	$ -	$ (8,428,088)	$ (8,428,088)
Interest rate swap liability	-	-	(24,912)	(24,912)
Total liabilities, at fair value	$ -	$ -	$ (8,453,000)	$ (8,453,000)

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, 2014	$ 138,793	$ 102,819,826	$ 102,958,619
Net realized and unrealized (loss) gain	(16,602)	3,365,719	3,349,117
Purchases	-	264,901	264,901
Sales	-	(12,288,657)	(12,288,657)
Balance as of June 30, 2015	$ 122,191	$ 94,161,789	$ 94,283,980

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, 2014	$ (8,347,496)	$ (314,457)	$ (8,661,953)
Net realized and unrealized gain	-	289,545	289,545
Decrease in Remainder Interest Payable	88,849	-	88,849
Increase in Annuity Payable	(169,441)	-	(169,441)
Net transfers in and out of Level 3	-	-	-
Balance as of June 30, 2015	$ (8,428,088)	$ (24,912)	$ (8,453,000)

Quantitative Information - Quantitative information as of June 30, 2015, 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, 2015**	**Principal Valuation Techniques**	**Unobservable Inputs**	**Weighted Average**
Charitable remainder trusts	**$ 122,191**	Income Approach	Discount Rates Life Expectancies Payouts Allocation Percentages	N/A
Split-interest agreements	**$(8,428,088)**	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 2015.

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, 2015. 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, 2015:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Alternative Investments				
Absolute Return	$ 16,494,562	$ -	monthly, quarterly, annually	45-120
Directional Hedge	27,316,601	-	monthly, quarterly, annually	45-120
Private Equity	2,004,048	67,433	No immediate liquidity*	n/a
Real Assets	4,884,668	520,564	No immediate liquidity*	n/a
International Equity	14,583,252	-	Monthly	30
Fund of Funds – Private Equity	18,819,553	2,359,712	No immediate liquidity*	n/a
Fixed Income Fund - Global	10,059,105	-	Monthly	15
	$94,161,789	$ 2,947,709		

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 $401,661 for interest for the year ended June 30, 2015.

The Federation and Subsidiary paid $379,827 for income taxes for the year ended June 30, 2015.

17. Subsequent Events

The Federation evaluated subsequent events through February 24, 2016 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.