

**The Associated: Jewish Community
Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

Combined Financial Report
June 30, 2016

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Associated: Jewish Community Federation of Baltimore, Inc., Associated Jewish Charities of Baltimore and Jewish Community Investment Fund (collectively referred to as The Associated) which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Associated: Jewish Community Federation of Baltimore, Inc., Associated Jewish Charities of Baltimore and Jewish Community Investment Fund as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Baltimore, Maryland
November 11, 2016

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combined Statement of Financial Position
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Assets					
Cash and cash equivalents	\$ 1,328	\$ 4,277	\$ -	\$ 5,605	\$ 8,026
Promises to give – annual campaign, net	-	17,500	-	17,500	17,171
Promises to give – other campaigns, net	-	1,693	-	1,693	983
Promises to give – capital campaign, net	-	8,906	-	8,906	9,972
Notes receivable	1,228	-	-	1,228	1,289
Other receivables	503	-	-	503	568
Other assets	650	3,059	-	3,709	3,203
	<u>3,709</u>	<u>35,435</u>	<u>-</u>	<u>39,144</u>	<u>41,212</u>
Investments:					
Investment in Jewish Community Investment Fund	498,952	53,638	4,157	556,747	613,667
Funds held on behalf of others	(345,124)	-	-	(345,124)	(385,657)
Equity in Jewish Community Investment Fund	153,828	53,638	4,157	211,623	228,010
Other investments	25,506	14,762	-	40,268	27,762
Funds held in irrevocable trusts	-	10,421	-	10,421	11,532
	<u>179,334</u>	<u>78,821</u>	<u>4,157</u>	<u>262,312</u>	<u>267,304</u>
Property and equipment, net	59,158	-	-	59,158	60,406
Total assets	\$ 242,201	\$ 114,256	\$ 4,157	\$ 360,614	\$ 368,922
Liabilities and Net Assets					
Liabilities:					
Accounts payable – trade	\$ 2,483	\$ 25	\$ -	\$ 2,508	\$ 2,052
Accounts payable – agencies	735	-	-	735	667
Loans payable	10,575	-	-	10,575	10,001
Bonds payable, net	37,115	-	-	37,115	38,974
Other liabilities	11,229	4,370	-	15,599	15,448
	<u>62,137</u>	<u>4,395</u>	<u>-</u>	<u>66,532</u>	<u>67,142</u>
Net assets	180,064	109,861	4,157	294,082	301,780
Total liabilities and net assets	\$ 242,201	\$ 114,256	\$ 4,157	\$ 360,614	\$ 368,922

See notes to combined financial statements.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combined Statement of Financial Position
June 30, 2015
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and cash equivalents	\$ 929	\$ 7,097	\$ -	\$ 8,026
Promises to give – annual campaign, net	-	17,171	-	17,171
Promises to give – other campaigns, net	-	983	-	983
Promises to give – capital campaign, net	118	9,854	-	9,972
Notes receivable	1,289	-	-	1,289
Other receivables	568	-	-	568
Other assets	469	2,734	-	3,203
	<u>3,373</u>	<u>37,839</u>	<u>-</u>	<u>41,212</u>
Investments:				
Investment in Jewish Community Investment Fund	553,088	56,422	4,157	613,667
Funds held on behalf of others	(385,657)	-	-	(385,657)
Equity in Jewish Community Investment Fund	<u>167,431</u>	<u>56,422</u>	<u>4,157</u>	<u>228,010</u>
Other investments	24,440	3,322	-	27,762
Funds held in irrevocable trusts	-	11,532	-	11,532
	<u>191,871</u>	<u>71,276</u>	<u>4,157</u>	<u>267,304</u>
Property and equipment, net	60,406	-	-	60,406
Total assets	<u>\$ 255,650</u>	<u>\$ 109,115</u>	<u>\$ 4,157</u>	<u>\$ 368,922</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable – trade	\$ 2,077	\$ (25)	\$ -	\$ 2,052
Accounts payable – agencies	667	-	-	667
Loans payable	10,001	-	-	10,001
Bonds payable, net	38,974	-	-	38,974
Other liabilities	10,055	5,393	-	15,448
	<u>61,774</u>	<u>5,368</u>	<u>-</u>	<u>67,142</u>
Net assets	<u>193,876</u>	<u>103,747</u>	<u>4,157</u>	<u>301,780</u>
Total liabilities and net assets	<u>\$ 255,650</u>	<u>\$ 109,115</u>	<u>\$ 4,157</u>	<u>\$ 368,922</u>

See notes to combined financial statements.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combined Statement of Activities
Year Ended June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Support and revenue:					
Campaign promises to give	\$ -	\$ 30,722	\$ -	\$ 30,722	\$ 31,151
Special gifts	4,655	2,481	-	7,136	6,571
United Way of Central Maryland, Inc.	250	-	-	250	301
Legacies and gifts	20,021	16,150	-	36,171	23,852
Funds and foundation revenue	2,876	-	-	2,876	2,976
Agency infrastructure cost share	2,160	-	-	2,160	1,966
Endowment and investment income	4,918	64	-	4,982	4,986
Program and other	1,819	(1)	-	1,818	1,564
Net assets released from restrictions	37,645	(37,645)	-	-	-
Total support and revenue	74,344	11,771	-	86,115	73,367
Expenses:					
Grants and distributions	52,704	-	-	52,704	53,284
Administrative	1,367	-	-	1,367	1,478
Fundraising	1,830	-	-	1,830	1,541
Salaries and related expenses	12,026	-	-	12,026	11,497
Advertising and marketing	451	-	-	451	547
Bad debt	610	-	-	610	600
Building operations	1,781	-	-	1,781	2,074
Preventative maintenance and security	446	-	-	446	510
Depreciation	2,996	-	-	2,996	3,016
Investment fees	1,703	-	-	1,703	1,770
Operating interest expense	128	-	-	128	115
Total expenses	76,042	-	-	76,042	76,432
Change in net assets before other financial items	(1,698)	11,771	-	10,073	(3,065)
Net (depreciation) appreciation in fair value of investments	(8,635)	(5,781)	-	(14,416)	1,017
(Loss) gain on interest rate swap contracts	(1,278)	-	-	(1,278)	169
Interest expense	(1,950)	-	-	(1,950)	(2,039)
Other non-operating expense	(268)	-	-	(268)	(469)
Transfers	17	124	-	141	78
Total other financial items	(12,114)	(5,657)	-	(17,771)	(1,244)
Change in net assets	(13,812)	6,114	-	(7,698)	(4,309)
Net assets, beginning of year	193,876	103,747	4,157	301,780	306,089
Net assets, end of year	\$ 180,064	\$ 109,861	\$ 4,157	\$ 294,082	\$ 301,780

See notes to combined financial statements.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combined Statement of Activities
Year Ended June 30, 2015
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Campaign promises to give	\$ -	\$ 31,151	\$ -	\$ 31,151
Special gifts	5,689	882	-	6,571
United Way of Central Maryland, Inc.	301	-	-	301
Legacies and gifts	22,021	1,831	-	23,852
Funds and foundation revenue	2,976	-	-	2,976
Agency infrastructure cost share	1,966	-	-	1,966
Endowment and investment income	4,846	140	-	4,986
Program and other	1,563	1	-	1,564
Net assets released from restrictions	39,306	(39,306)	-	-
Total support and revenue	78,668	(5,301)	-	73,367
Expenses:				
Grants and distributions	53,284	-	-	53,284
Administrative	1,478	-	-	1,478
Fundraising	1,541	-	-	1,541
Salaries and related expenses	11,497	-	-	11,497
Advertising and marketing	547	-	-	547
Bad debt	600	-	-	600
Building operations	2,074	-	-	2,074
Preventative maintenance and security	510	-	-	510
Depreciation	3,016	-	-	3,016
Investment fees	1,770	-	-	1,770
Operating interest expense	115	-	-	115
Total expenses	76,432	-	-	76,432
Change in net assets before other financial items	2,236	(5,301)	-	(3,065)
Net appreciation in				
fair value of investments	938	79	-	1,017
Gain on interest rate swap contracts	169	-	-	169
Interest expense	(2,039)	-	-	(2,039)
Other non-operating expense	(469)	-	-	(469)
Transfers	148	(70)	-	78
Total other financial items	(1,253)	9	-	(1,244)
Change in net assets	983	(5,292)	-	(4,309)
Net assets, beginning of year	192,893	109,039	4,157	306,089
Net assets, end of year	\$ 193,876	\$ 103,747	\$ 4,157	\$ 301,780

See notes to combined financial statements.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combined Statements of Cash Flows
Years Ended June 30, 2016 and 2015
(In Thousands)**

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (7,698)	\$ (4,309)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,996	3,016
Decrease in discount and allowance for uncollectible promises to give	(112)	(903)
Promise to give reversion	411	600
In-kind real estate donation	(965)	(940)
Loss (gain) on interest rate swap agreement	1,278	(169)
Depreciation (appreciation) in fair value of investments	14,416	(1,017)
Amortization of bond issuance costs	31	30
Non-cash stock donation	(14,188)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Funds held in irrevocable trusts	1,111	666
Other assets	(506)	120
Promises to give	(1,545)	(392)
Other receivables	66	656
Increase (decrease) in:		
Due from local agencies	68	223
Accounts and grants payable	456	1,215
Other liabilities	(1,127)	(516)
Net cash used in operating activities	(5,308)	(1,720)
Cash flows from investing activities:		
Distributions from Jewish Community Investment Fund	20,925	22,705
Additions to Jewish Community Investment Fund	(18,685)	(21,147)
Change in restricted cash	2,820	(1,345)
Change in other investments	1,413	965
Principal collections on notes receivable	497	615
Funds advanced on notes receivable	(437)	(1,250)
Additions to property and equipment	(783)	(526)
Net cash provided by investing activities	5,750	17
Cash flows from financing activities:		
Proceeds from restricted capital contributions	1,273	4,778
Proceeds from (principal payments on) loans payable, net	574	(38)
Principal payments on bonds payable	(1,890)	(2,281)
Net cash (used in) provided by financing activities	(43)	2,459
Net increase in cash and cash equivalents	399	756
Unrestricted cash and cash equivalents:		
Beginning of year	929	173
End of year	\$ 1,328	\$ 929
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,950	\$ 2,039
Supplemental schedule of noncash investing activity:		
In-kind real estate donation	\$ 965	\$ 940

See notes to combined financial statements.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Associated: Jewish Community Federation of Baltimore, Inc. (Federation), Associated Jewish Charities of Baltimore (AJCB) and Jewish Community Investment Fund (JCIF) (collectively referred to as The Associated) care for the members of the Jewish community in Baltimore, Israel, and around the world. The Associated operates in Baltimore, Maryland and was incorporated in 1920.

JCIF, formed as a business trust on October 24, 2013, is organized and is operated exclusively for the commingled investment and reinvestment of assets of the general endowment or other funds of one or more charitable organizations, each of which is exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986.

AJCB also has a wholly-owned subsidiary, AJC PA Property Fund I, LLC, which owns donated real estate in Pennsylvania. That entity is also included in the combined financial statements.

A summary of The Associated's significant accounting policies follows:

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

Basis of presentation: The combined financial statements include the accounts of The Associated, but do not include the accounts of the constituent agencies of The Associated or of organizations investing in the JCIF.

The combined financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) regarding financial statements of not-for-profit organizations. Under these requirements, The Associated 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.

Unrestricted net assets: Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets: Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of The Associated pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. Any temporarily restricted resource that is received and used during the same current year is considered an unrestricted resource and is reported as unrestricted net assets.

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

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The components of net assets by entity are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets (deficit):				
The Associated: Jewish Community Federation of Baltimore, Inc.	\$ (2,990)	\$ 21,054	\$ -	\$ 18,064
Associated Jewish Charities of Baltimore	29,226	35,169	-	64,395
Jewish Community Investment Fund	153,828	53,638	4,157	211,623
Total	<u>\$ 180,064</u>	<u>\$ 109,861</u>	<u>\$ 4,157</u>	<u>\$ 294,082</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets (deficit):				
The Associated: Jewish Community Federation of Baltimore, Inc.	\$ (2,408)	\$ 20,048	\$ -	\$ 17,640
Associated Jewish Charities of Baltimore	28,853	27,277	-	56,130
Jewish Community Investment Fund	167,431	56,422	4,157	228,010
Total	<u>\$ 193,876</u>	<u>\$ 103,747</u>	<u>\$ 4,157</u>	<u>\$ 301,780</u>

Cash and cash equivalents: The Associated considers certain investments with an original maturity of three months or less to be cash equivalents. Unrestricted cash includes an unemployment escrow account for which the minimum balance is regulated by the State of Maryland Department of Labor, Licensing, and Regulation. The balance in this account at June 30, 2016 and 2015, was \$420 and \$410, respectively. Restricted cash represents cash to pay for capital projects. Restricted cash at June 30, 2016 and 2015, was \$4,277 and \$7,097, respectively.

Credit risk: The Associated has depository operations with various brokers. In the event this counterparty does not fulfill its obligations, The Associated may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty. The Associated attempts to minimize this credit risk by monitoring the creditworthiness of the clearing broker.

Promises to give: Contributions are recognized when the donor makes a promise to give to The Associated that is, in substance, unconditional. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases the net asset of the class. However, if a restriction is fulfilled in the same time period in which the contribution is received, The Associated reports the support as unrestricted. Promises to give to be received in a future period are discounted to their net present value at the time the revenue is recorded.

The Associated uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific receivables.

Other assets: Other assets represent various prepaid expenses and life insurance policies.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is reflected on the combined statements of activities.

Equity in Jewish Community Investment Fund: The Associated and its constituent agencies have commingled their investments in a fund known as the JCIF which is managed by the AJCB. Investments of the JCIF, other than limited partnership interests, are under custodial agreements with a financial institution. Gains and losses on sales of investments and income earned on investments are allocated monthly to each agency or entity based on the individual agency's or entity's share of fair value to the fair value of the total JCIF.

Assets held in the JCIF from not-for-profit organizations like constituent agencies, Jewish day schools, synagogues and other organizations are liabilities to the JCIF and are reflected as contra-assets on the combined statements of financial position. Total assets held in the JCIF were \$556,747 and \$613,667 as of June 30, 2016 and 2015, respectively. The liabilities associated with these contra-assets were \$345,124 and \$385,657 as of June 30, 2016 and 2015, respectively.

The JCIF held interests in 41 limited partnerships at June 30, 2016. Most limited partnerships are audited at December 31 of each year. Interim valuations, including those prepared at June 30, are prepared by the general partners. The partnerships invest in a wide array of investment vehicles including common stocks, restricted investments, bonds, futures contracts, foreign currency contracts, reverse repurchase agreements, written options and other investment derivatives. Certain of these investment vehicles include an inherently higher degree of risk than others. The Investment Management Committees of AJCB regularly review the progress and valuation of these interests.

Investment risk: The Associated invests in a professionally managed portfolio that contains common shares and bonds of publicly-traded and privately-owned companies, U.S. Government obligations, mutual funds, private equity funds, hedge funds, limited partnerships and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the schedules.

Market risk arises primarily from changes in market value of financial instruments. Theoretically, The Associated's exposure is equal to the value of the investments purchased. Exposure to market risk is influenced by a number of factors, including the relationship between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. The Associated attempts to control its exposure to market risk through various analytically monitoring techniques.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Remainder interests, charitable remainder trusts and unitrusts receivable: In some cases, The Associated has been named corporate trustee and a remainder beneficiary of various Charitable Remainder Annuity Trusts (CRAT) and Charitable Remainder Unitrusts (CRUT). A qualifying CRAT or CRUT provides an income stream to the donor or named beneficiary during the term of the trust with the remainder passing to The Associated and/or another charitable organization(s). The trusts were created by donors and The Associated was named trustee, either individually or with another person or entity. A third-party bank is the custodian of the trust assets. The Associated records the present value of the remainder interest discounted at a rate of 2.0%.

Property and equipment: Property and equipment are stated at cost. Donations are reflected at fair value at the date of acquisition. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. For buildings and improvements, the estimated useful life is 5 to 50 years, and for equipment and furniture, the estimated useful life is 3 to 20 years.

Valuation of long-lived assets: The Associated reviews the valuation of long-lived assets and certain identifiable intangible assets 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 are reportable at the lower of the carrying amount or fair value, less costs to sell.

Interest rate swap contracts: The Associated recognizes all derivative financial instruments in the financial statements at their fair value. The Associated participates in interest rate swap contracts that are considered derivative financial instruments. Changes in the fair value of the derivative financial instruments are recognized in the combined statements of activities as gain or loss on interest rate swap contracts. The fair value of liabilities related to the interest rate swap contracts are included in other liabilities in the combined statements of financial position.

Fair value of financial instruments: The carrying amounts, including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings approximate fair value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the interest rates on these instruments fluctuate with market interest rates.

Use of estimates: The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status: The Associated is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, The Associated qualifies for charitable contributions deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Associated follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the combined financial statements. Under this guidance, The Associated may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the combined financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management has evaluated The Associated's tax positions and has concluded that The Associated has taken no uncertain tax positions that require disclosure. Generally, The Associated is no longer subject to income tax examinations by the U.S. federal, state or local authorities for years before 2013.

JCIF taxable income or loss is reported by the beneficiaries of JCIF individually and, accordingly, no income taxes have been provided for in the combined financial statements. JCIF files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, JCIF is subject to examination by federal, state and local jurisdictions, where applicable. JCIF has reviewed the tax positions for the open tax period from inception through June 30, 2016, and has determined that no provision for income tax or reserve for uncertain income tax positions is required for the combined financial statements. JCIF's federal tax return for the period from inception through June 30, 2016, remains open subject to examination by the Internal Revenue Service and the respective state tax authorities.

Appropriations: The Associated budgets annual appropriations to most constituent agencies, supported programs and the Jewish Federation of North America. Appropriations were \$28,933 and \$28,393 for the years ended June 30, 2016 and 2015, respectively, and are included in grants and distributions expense on the combined statements of activities. Appropriations payable were \$668 and \$667 at June 30, 2016 and 2015, respectively, and are included in accounts payable – agencies on the combined statements of financial position.

Accounting pronouncements adopted: In May 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Assets Value per Share (or Its Equivalent)*. The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the combined financial statements.

The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2015. For all other entities, the amendments in this update are effective for fiscal years beginning after December 31, 2016, but early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Associated adopted this standard in its 2016 combined financial statements and retroactively applied to its 2015 combined financial statement presentation.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounting pronouncements issued but not yet adopted: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create *Topic 606, Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in *Topic 605, Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. The impact of adopting ASU 2014-09 on The Associated's combined financial statements for subsequent periods has not yet been determined.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on July 1, 2020, with early adoption permitted. The Associated is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier applicable is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Associated is in the process of evaluating the impact of this ASU on the combined financial statements.

Reclassification: Certain amounts were reclassified to conform to the current year presentation. These reclassifications had no effect on previously stated net assets.

Subsequent events: The Associated evaluated subsequent events for potential required disclosures through November 11, 2016, which is the date the combined financial statements were issued.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements

The Associated follows FASB authoritative guidance regarding accounting for fair value measurements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the guidance as assumptions that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and mutual funds.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds, government obligations and over-the-counter derivatives. A significant adjustment to Level 2 input could result in a reclassification to a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation as described below.

The input or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those investments. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Associated's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by The Associated:

Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Fair value of exchange-traded contracts is based upon exchange settlement prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Investment in corporate bonds and government obligations are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy. The Associated's interest rate swap is observable at commonly quoted intervals for the full term of the swap and, therefore, is considered a Level 2 item. For the interest rate swaps in an asset position, the credit standing of the counter party is analyzed and factored into the fair value measurement of the asset. The fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of The Associated's credit worthiness has also been factored into the fair value measurement for the interest rate swap in a liability position.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements (Continued)

Level 3: Level 3 investments are not readily marketable. Charitable Trusts are stated at fair value, using present value calculations of the trusts discounted at a rate of 1.8% for 2016 and 2.0% for 2015. There is no active market for selling beneficial interests in charitable trusts; therefore, these financial instruments are classified as Level 3 in the fair value hierarchy.

The following table presents The Associated's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State of Israel bonds (value at maturity)	\$ 7,881	\$ -	\$ 7,881	\$ -
Domestic equities:				
Consumer discretionary	81	81	-	-
Financials	9,982	9,982	-	-
Health care	400	123	277	-
Information technology	88	88	-	-
Materials	62	62	-	-
Services	92	92	-	-
Utilities	31	31	-	-
Other	1,898	26	-	1,872
Fixed income – treasury bonds	518	-	518	-
Hedge funds	4,141	-	-	4,141
Other investments	150	-	-	150
Real estate investments managed by Regional Management, Inc.	13,398	-	-	13,398
Other investments at fair value	38,722	10,485	8,676	19,561
Cash and cash equivalents	1,546			
Total other investments	40,268			
Funds held in irrevocable trusts	10,421	-	-	10,421
JCIF at fair value:				
Money market funds	15,460	15,460	-	-
Mutual funds	72,915	72,915	-	-
Equities	8,984	8,984	-	-
Fixed income	8,190	-	8,190	-
	105,549	97,359	8,190	-
Alternative investments measured at NAV (or equivalent) (a)	451,198			
Less fund held on the behalf of others	(345,124)			
Total investment in the JCIF	211,623			
Total investments	\$ 262,312			
Interest rate swap contracts	\$ (8,566)	\$ -	\$ (8,566)	\$ -
Total liabilities	\$ (8,566)	\$ -	\$ (8,566)	\$ -

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements (Continued)

The following table presents The Associated's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State of Israel bonds (value at maturity)	\$ 7,877	\$ -	\$ 7,877	\$ -
Domestic equities:				
Consumer staples	116	116	-	-
Financials	277	277	-	-
Health care	346	140	206	-
Information technology	94	94	-	-
Materials	110	110	-	-
Utilities	34	34	-	-
Other	140	140	-	-
Fixed income – treasury bonds	525	-	525	-
Hedge funds	4,561	-	-	4,561
Other investments	150	-	-	150
Real estate investments managed by Regional Management, Inc.	12,538	-	-	12,538
Other investments at fair value	26,768	911	8,608	17,249
Cash and cash equivalents	994			
Total other investments	27,762			
Funds held in irrevocable trusts	11,532	-	-	11,532
JCIF at fair value:				
Money market funds	11,840	11,840	-	-
Mutual funds	93,137	93,137	-	-
Equities	16,109	16,109	-	-
	121,086	121,086	-	-
Alternative investments measured at NAV (or equivalent) (a)	492,581			
Less fund held on the behalf of others	(385,657)			
Total investment in the JCIF	228,010			
Total investments	\$ 267,304			
Interest rate swap contracts	\$ (7,287)	\$ -	\$ (7,287)	\$ -
Total liabilities	\$ (7,287)	\$ -	\$ (7,287)	\$ -

(a) In accordance with Subtopic 820-10 as amended by ASU 2015-07, certain investments that were measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements (Continued)

Financial instruments classified as Level 3 in the fair value hierarchy represent The Associated's and others investment in financial instruments in which management has used at least one significant unobservable input in the valuation model.

The following table presents a reconciliation of activity for the Level 3 financial instruments for the year ended June 30, 2016:

Description	Balance, July 1, 2015	Return of Capital	Purchases of Investments	Net Realized Gains (Losses) on Investments	Net Unrealized Gains (Losses) on Investments	Transfer from (to) Level 2	Balance, June 30, 2016
Domestic equities – other	\$ -	\$ -	\$ 1,872	\$ -	\$ -	\$ -	\$ 1,872
Hedge funds	4,561	(200)	21	169	(410)	-	4,141
Other investments	150	-	-	-	-	-	150
Real estate investments	12,538	-	-	-	860	-	13,398
Funds held in irrevocable trusts	11,532	-	-	-	(1,111)	-	10,421
Total	<u>\$ 28,781</u>	<u>\$ (200)</u>	<u>\$ 1,893</u>	<u>\$ 169</u>	<u>\$ (661)</u>	<u>\$ -</u>	<u>\$ 29,982</u>

The following table presents a reconciliation of activity for the Level 3 financial instruments for the year ended June 30, 2015:

Description	Balance, July 1, 2014	Return of Capital	Purchases of Investments	Net Realized Gains on Investments	Net Unrealized Gains (Losses) on Investments	Transfer from (to) Level 2	Balance, June 30, 2015
Hedge funds	\$ 3,459	\$ 155	\$ 13	\$ 80	\$ -	\$ 854	\$ 4,561
Other investments	130	-	-	-	20	-	150
Real estate investments	12,538	-	-	-	-	-	12,538
Funds held in irrevocable trusts	12,198	-	-	-	(666)	-	11,532
Total	<u>\$ 28,325</u>	<u>\$ 155</u>	<u>\$ 13</u>	<u>\$ 80</u>	<u>\$ (646)</u>	<u>\$ 854</u>	<u>\$ 28,781</u>

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements (Continued)

The Associated invests in certain entities for which the fair value measurement is assessed using NAV per share, or its equivalents. Information pertaining to these investments as of June 30, 2016 and 2015, is as follows:

	2016			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 158,741	\$ 2,893	Monthly – Annually	45 – 90 days
Equity long/short funds (b)	75,050	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	149,138	-	Monthly – Quarterly	4 – 90 days
Private equity and venture capital funds (d)	68,269	13,063	None	N/A
	<u>\$ 451,198</u>	<u>\$ 15,956</u>		

	2015			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 197,003	\$ 13,907	Monthly – Annually	45 – 90 days
Equity long/short funds (b)	75,266	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	185,588	-	Monthly – Quarterly	3 – 90 days
Private equity and venture capital funds (d)	34,724	8,031	None	N/A
	<u>\$ 492,581</u>	<u>\$ 21,938</u>		

- (a) This category includes funds that employ hedging strategies to diversify risk and reduce volatility and may invest in various equity and bond securities to profit from economic, political, and government driven events. The investment objective is to invest in a diversified portfolio in order to achieve above-average returns while seeking to minimize risk. The fair value of the investments in this category has been estimated using the NAV per share of the investments.
- (b) This category includes an investment in funds that invest both long and short in various domestic and international common stocks and commodities futures contracts. Management of the funds has the ability to shift from value to growth strategies, from small to large capitalization stocks, and from a net short position to a net long position. The investment objective is to invest in a diversified portfolio in order to achieve above-average returns while seeking to minimize risk. The fair value of the investments in this category has been estimated using the NAV per share of the investments.
- (c) This category includes investments in managers that hold the majority of the funds' investments in non-U.S. common stocks, debt instruments, and diversified currencies. The investment objective is to invest in a diversified global portfolio in order to achieve above-average returns while seeking to minimize risk. The fair value of the investments in this category has been estimated using the NAV per share of the investments.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 2. Fair Value Measurements (Continued)

(d) This category includes private equity and venture capital funds. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. The investment objective is to invest in a diversified portfolio in order to achieve above-average returns in an asset class that is uncorrelated to the equity markets. As of June 30, 2016, it is probable that the investments in this category will be liquidated at an amount different from the NAV of the JCIF's ownership interest in partners' capital. Therefore, the fair value of the investments in this category has been estimated using recent observable transaction information received from potential buyers of the investments. It is estimated that the majority of the underlying assets of the funds would be liquidated over five to eight years.

Note 3. Other Investments

Other investments are reported at fair value. A summary of these investments is as follows:

	June 30	
	2016	2015
Unrestricted:		
Cash and cash equivalents	\$ 593	\$ 818
State of Israel bonds (value at maturity)	7,753	7,857
Stocks and mutual funds	277	206
Treasury bonds	518	525
Real estate investments	13,398	12,538
Hedge funds	2,817	2,346
Other investments	150	150
	<u>25,506</u>	<u>24,440</u>
Temporarily restricted:		
Cash and cash equivalents	953	176
State of Israel bonds (value at maturity)	128	20
Stocks and mutual funds	12,357	911
Hedge funds	1,324	2,215
	<u>\$ 40,268</u>	<u>\$ 27,762</u>

Funds held in irrevocable trusts are reported at fair value and invested in various portfolios and include investments in cash, bonds, mutual funds and debt and equity securities.

**The Associated: Jewish Community Federation of Baltimore, Inc.
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**Notes to Combined Financial Statements
(In Thousands)**

Note 4. Endowments

Interpretation of relevant law: The Board of Directors of The Associated has interpreted the state of Maryland's enacted version of the Uniform Prudent Management of Institutional Funds Act (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 Associated 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by The Associated in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Associated considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund.
- b. The purposes of The Associated and the donor-restricted endowment fund.
- c. General economic conditions.
- d. The possible effects of inflation and deflation.
- e. The expected total return from income and the appreciation of investments.
- f. Other resources of The Associated.
- g. The investment policies of The Associated.

Return objective and risk parameters: The Associated endowment includes unrestricted funds and general endowment funds. The long-term goal of the endowment fund is to achieve appreciation of assets without exposure to undue risk, as defined herein. The portfolio is expected to support desired spending, provide additional growth to cover operating expenses and preserve the purchasing power of the endowment assets over time, net of all fees.

Spending policy: The current spending policy is calculated upon a 12-quarter trailing average of market value. Unless otherwise directed by a donor, distributions are made in the amount of 4.7% of unrestricted funds and 5% of general endowment funds.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 4. Endowments (Continued)

Endowment Net Asset Composition by Type of Fund
As of June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 53,638	\$ 4,157	\$ 57,795
Board-designated endowment funds	66,219	-	-	66,219
Total funds	<u>\$ 66,219</u>	<u>\$ 53,638</u>	<u>\$ 4,157</u>	<u>\$ 124,014</u>

Endowment Net Asset Composition by Type of Fund
As of June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 56,422	\$ 4,157	\$ 60,579
Board-designated endowment funds	76,850	-	-	76,850
Total funds	<u>\$ 76,850</u>	<u>\$ 56,422</u>	<u>\$ 4,157</u>	<u>\$ 137,429</u>

Changes in Endowment Net Assets
Years Ended June 30, 2016 and 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of				
June 30, 2014	\$ 78,325	\$ 58,967	\$ 4,157	\$ 141,449
Net investment loss	(150)	(214)	-	(364)
Contributions	1,879	557	-	2,436
Appropriation of endowment assets for expenditure	(3,204)	(2,888)	-	(6,092)
Endowment net assets as of				
June 30, 2015	76,850	56,422	4,157	137,429
Net investment loss	(4,042)	(4,064)	-	(8,106)
Contributions	243	4,715	-	4,958
Appropriation of endowment assets for expenditure	(6,832)	(3,435)	-	(10,267)
Endowment net assets as of				
June 30, 2016	<u>\$ 66,219</u>	<u>\$ 53,638</u>	<u>\$ 4,157</u>	<u>\$ 124,014</u>

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
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**Notes to Combined Financial Statements
(In Thousands)**

Note 4. Endowments (Continued)

A summary of funds in the JCIF is as follows:

	June 30	
	2016	2015
Unrestricted (a)	\$ 48,686	\$ 56,659
Annual Campaign Endowment funds (b)	21,690	24,348
Designated services for constituent agencies and programs (c)	53,638	56,422
Donor Advised Fund (d)	87,609	90,581
	<u>\$ 211,623</u>	<u>\$ 228,010</u>

- (a) Unrestricted funds are endowment funds gifted to The Associated which are not restricted for use or time by the donor. Distributions from these funds are limited by the Board of Directors to 4.7% of the average fund balance of the prior 12 quarters as determined each December 31 for the subsequent fiscal year.
- (b) Annual Campaign Endowment (ACE) funds are endowment funds gifted to The Associated which are earmarked for the unrestricted Annual Campaign. Distributions from these funds are limited to 5% of the average fund balance of the prior 12 quarters as determined each June 30 for the subsequent fiscal year.
- (c) The Designated services for constituent agencies and programs are endowment funds gifted to The Associated which are designated for a field of interest (i.e., to help the elderly), an agency or program. Distributions from these funds are limited to 5% of the average fund balance of the prior 12 quarters as determined each December 31 for the subsequent fiscal year.
- (d) The Associated's Donor-Advised Fund (DAF) program. The assets in the program are owned by The Associated but donors retain the privilege to recommend charitable distributions from the fund to The Associated or other public charities for charitable purposes.

**The Associated: Jewish Community Federation of Baltimore, Inc.
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**Notes to Combined Financial Statements
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Note 5. Promises to Give

As of June 30, 2016 and 2015, contributors have made written unconditional promises to give totaling \$30,655 and \$30,793, respectively, on which management has established an allowance for uncollectible promises to give of \$1,612 and \$1,538, respectively, and a discount on promises to give of \$944 and \$1,129, respectively. Promises to give are classified in the combined financial statements on a net basis as follows:

	June 30	
	2016	2015
Unrestricted:		
Capital campaign	\$ -	\$ 118
Temporarily restricted:		
Annual campaign	17,500	17,171
Other campaigns	1,693	983
Capital campaign	8,906	9,854
	<u>\$ 28,099</u>	<u>\$ 28,126</u>

Scheduled receipts of promises to give as of June 30, 2016, are as follows:

	Annual and Other Campaigns	Capital Campaign	Total
Years ending June 30:			
Less than one year	\$ 20,612	\$ 1,503	\$ 22,115
One to five years	-	8,540	8,540
	<u>\$ 20,612</u>	<u>\$ 10,043</u>	<u>\$ 30,655</u>

Note 6. Notes Receivable

The Associated has a community loan pool which lends funds to its constituent agencies and other community organizations in need of financing. These loans are given on a needs basis, bear interest from 0% to 3% and have various repayment terms. As of June 30, 2016 and 2015, the balance on these notes was \$1,323 and \$1,384, before reserves of \$95 and \$95, respectively.

**The Associated: Jewish Community Federation of Baltimore, Inc.
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**Notes to Combined Financial Statements
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Note 7. Property and Equipment

Property and equipment consist of the following:

	June 30	
	2016	2015
Land, buildings, and improvements	\$ 92,591	\$ 96,046
Construction in progress	712	404
Equipment and furniture	2,921	5,460
	<u>96,224</u>	<u>101,910</u>
Less accumulated depreciation	(37,066)	(41,504)
	<u>\$ 59,158</u>	<u>\$ 60,406</u>

Substantially all of the property and equipment is leased to constituent agencies of The Associated on an annual basis.

Note 8. Loans and Bonds Payable

Loans and bonds payable are as follows:

	June 30	
	2016	2015
Colorado Education and Cultural Facilities Authority Revenue Bonds, interest payable at 67% of the 30-day London Interbank Offered Rate (LIBOR) plus 0.99% (1.30% and 1.11% at June 30, 2016 and 2015, respectively); due 2031	\$ 37,540	\$ 39,430
Less unamortized debt issuance costs	(425)	(456)
Subtotal bonds payable	<u>37,115</u>	<u>38,974</u>
CHANA Green Loan for Energy Improvements	-	1
\$10,000 demand loan payable to bank; interest payable monthly at ICE LIBOR Daily Floating Rate, plus 77 basis points per annum (1.21% and 0.95% at June 30, 2016 and 2015, respectively); due January 31, 2017	<u>10,000</u>	<u>10,000</u>
	10,000	10,000
Line of credit; interest payable monthly at one-month LIBOR plus 0.55% (1.02% and 0.74% at June 30, 2016 and 2015, respectively) per annum; due 2017	<u>575</u>	-
Subtotal loans payable	<u>10,575</u>	<u>10,001</u>
	<u>\$ 47,690</u>	<u>\$ 48,975</u>

**The Associated: Jewish Community Federation of Baltimore, Inc.
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**Notes to Combined Financial Statements
(In Thousands)**

Note 8. Loans and Bonds Payable (Continued)

Debt principal maturities relating to the above obligations at June 30, 2016, are due in future years as follows:

Years ending June 30:	
2017	\$ 12,545
2018	2,055
2019	2,145
2020	2,225
2021	2,315
Thereafter	26,830
	<hr/> 48,115
Less unamortized debt issuance costs	(425)
	<hr/> <u>\$ 47,690</u>

On September 4, 2012, The Associated refinanced the total outstanding balance of its bonds payable, which totaled \$44,080, through a tax-exempt, non-bank qualified bonds issued by the Colorado Education and Cultural Facilities Authority and purchased in full by a bank. These bonds accrue interest at a variable rate calculated as 67% of LIBOR plus 99 basis points, until September 2022. At September 2022, the bonds are callable by the bank at its discretion. The bonds are payable in various installments maturing on December 1, 2031, and are subject to certain financial covenants including a deposit relationship of \$4,750 with the bank. The bonds are secured by a negative pledge on revenue, on all assets and a parity agreement for any new assets pledged.

Interest expense totaled \$2,078 and \$2,154 for the years ended June 30, 2016 and 2015, respectively.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The ASU is effective for The Associated for the year ending June 30, 2017, but early adoption is permissible. The Associated elected to adopt the early presentation for the year ended June 30, 2016, with comparative presentation for the year ended June 30, 2015. As such, bond issue costs, net, are included as a reduction to long-term debt on the combined statements of financial position.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2016	2015
Community support:		
Grants – Annual campaign	\$ 30,722	\$ 31,151
Grants – Capital campaign	8,906	9,854
General	60,435	51,690
Unappropriated endowment earnings	3,747	4,913
	<u>103,810</u>	<u>97,608</u>
Annuity trust agreements	6,051	6,139
	<u>\$ 109,861</u>	<u>\$ 103,747</u>

Grants – Annual campaign represent revenue which will be released in the subsequent year.

Permanently restricted net assets of \$4,157 at June 30, 2016 and 2015, are restricted to investments in perpetuity, the income from which is expendable for general community support. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

	2016	2015
Time restrictions expired	\$ 31,151	\$ 30,245
Purpose restrictions satisfied	6,494	9,061
Total restrictions released	<u>\$ 37,645</u>	<u>\$ 39,306</u>

Note 10. Retirement Plan

The Associated contributes to a 401(k) thrift plan (the Plan). Employees normally scheduled to work 18.75 hours or more per week are automatically enrolled in the Plan at a 2% pre-tax deferral rate each month following completion of the eligibility requirement of three months of service. Each year, eligible participants may contribute between 1% and 100% of their annual compensation as defined in the Plan subject to annual limitations in the IRC. Participants may designate some or all of their own contributions as Roth 401(k) contributions. Such contributions, and any activity related to these amounts, will be accounted for separate from the participant's pre-tax contributions. In addition, employees may rollover distributions received from other plans. Participants direct the investment of contributions into various investment options offered by the Plan on a daily basis. The Plan currently offers mutual funds and a common collective trust as investment options for participants.

The Associated may also make a discretionary contribution. Pension expense was \$404 and \$417 for the years ended June 30, 2016 and 2015, respectively.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 11. Self-Insured Medical Plan

The Associated maintains a self-insured medical plan for the benefit of its employees and those of its constituent agencies. A stop loss policy is in effect, under which The Associated and its constituent agencies' loss per individual employee is limited to \$115 and in aggregate to \$5,000 for the years ended June 30, 2016 and 2015, respectively. The medical plan is administered through a contractual relationship with an unrelated company. The Associated's expense under the self-insured medical plan amounted to \$830 and \$811 for the years ended June 30, 2016 and 2015, respectively.

Note 12. Interest Rate Swap Contracts

At June 30, 2016, The Associated had outstanding three interest rate swap contracts with a commercial bank. In accordance with the interest rate swap contracts, The Associated pays fixed rates of interest at 4.20%, 4.045% and 3.48% and receives variable rates of interest at the floating rate index of 67% of the 30-day USD LIBOR on notional amounts of indebtedness of \$16,970, \$7,490 and \$13,080, respectively. The interest rate swap contracts mature on December 1, 2029, December 1, 2031, and July 1, 2029, respectively.

Activity for the years ended June 30, 2016 and 2015, for the interest rate swap agreements was as follows:

	2016	2015
Fair value of interest rate swaps, beginning of the year	\$ (7,287)	\$ (7,456)
Unrealized gain (loss) on interest rate swaps	(1,278)	169
Fair value of interest rate swaps, end of the year	<u>\$ (8,566)</u>	<u>\$ (7,287)</u>

Note 13. Commitments

On June 27, 1993, The Associated entered into an agreement with a bank to guarantee \$2,000 in loans to Talmudical Academy (TA). If there is a default on the loan by TA, the lending institution has the right to liquidate TA's building and land. If the proceeds from the liquidation of the property are not sufficient to repay the outstanding balance, The Associated is liable for any differences. The balance on this obligation was \$667 and \$767 at June 30, 2016 and 2015, respectively. Management does not anticipate losses under this arrangement.

On February 22, 2007, The Associated entered into an agreement to commit up to \$5,000 to be paid over five years for the benefit of the Baltimore area Jewish day schools. Under this agreement, The Associated paid \$5,000 through the year ended June 30, 2012. In March 2012, The Associated amended their agreement, and committed an additional \$3,000 and expects to commit another \$2,000, or \$5,000 in total, over the next five years, for the benefit of the Baltimore area Jewish day schools. Under the amended agreement, The Associated paid \$1,000 during each of the years ended June 30, 2016 and 2015.

The Associated has a multi-year employment agreement with its President which provides for salary and benefits.

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Notes to Combined Financial Statements
(In Thousands)**

Note 13. Commitments (Continued)

The Associated has executed a memorandum of understanding (MOU), effective July 1, 2016, with various constituent entities outlining the services provided by The Associated to the constituent agencies. The MOUs outline the type of services provided including real estate, finance/payroll, human resources, information technology, marketing, property management and repairs, investment management, and security as well as the agreed upon value to these services. The MOUs create no contractual obligations and automatically renew annually, unless terminated under terms of the agreements.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund
Baltimore, Maryland

We have audited the combined financial statements of The Associated: Jewish Community Federation of Baltimore, Inc., Associated Jewish Charities of Baltimore and Jewish Community Investment Fund (collectively referred to as The Associated) as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon which contains an unmodified opinion on those combined financial statements. See pages 1 – 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

RSM US LLP

Baltimore, Maryland
November 11, 2016

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Financial Position by Internal Fund
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Assets							
Cash and cash equivalents	\$ 455	\$ 5,100	\$ -	\$ 50	\$ -	\$ 5,605	\$ 8,026
Promises to give – annual campaign, net	17,500	-	-	-	-	17,500	17,171
Promises to give – other campaign, net	1,693	-	-	-	-	1,693	983
Promises to give – capital campaign, net	-	8,906	-	-	-	8,906	9,972
Notes receivable	1,228	-	-	-	-	1,228	1,289
Other receivables	503	-	-	-	-	503	568
Other assets	1,551	2,158	-	-	-	3,709	3,203
Due from (to) other funds	75	(75)	-	-	-	-	-
	23,005	16,089	-	50	-	39,144	41,212
Investments:							
Equity in Jewish Community							
Investment Fund	-	-	-	124,014	87,609	211,623	228,010
Other investments	9,511	1,502	-	1,674	27,581	40,268	27,762
Funds held in irrevocable trusts	-	-	10,421	-	-	10,421	11,532
	9,511	1,502	10,421	125,688	115,190	262,312	267,304
Property and equipment, net	-	59,158	-	-	-	59,158	60,406
Total assets	\$ 32,516	\$ 76,749	\$ 10,421	\$ 125,738	\$ 115,190	\$ 360,614	\$ 368,922
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 2,367	\$ 141	\$ -	\$ -	\$ -	\$ 2,508	\$ 2,052
Accounts payable – agencies	735	-	-	-	-	735	667
Loans payable	8,575	2,000	-	-	-	10,575	10,001
Bonds payable, net	-	37,115	-	-	-	37,115	38,974
Other liabilities	2,775	8,571	4,219	9	25	15,599	15,448
	14,452	47,827	4,219	9	25	66,532	67,142
Net assets	18,064	28,922	6,202	125,729	115,165	294,082	301,780
Total liabilities and net assets	\$ 32,516	\$ 76,749	\$ 10,421	\$ 125,738	\$ 115,190	\$ 360,614	\$ 368,922

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Financial Position by Internal Fund
June 30, 2015
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	Total
Assets						
Cash and cash equivalents	\$ 1,103	\$ 6,873	\$ -	\$ 50	\$ -	\$ 8,026
Promises to give – annual campaign, net	17,171	-	-	-	-	17,171
Promises to give – other campaign, net	983	-	-	-	-	983
Promises to give – capital campaign, net	-	9,972	-	-	-	9,972
Notes receivable	1,289	-	-	-	-	1,289
Other receivables	568	-	-	-	-	568
Other assets	1,380	1,823	-	-	-	3,203
Due from (to) other funds	(54)	54	-	-	-	-
	<u>22,440</u>	<u>18,722</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>41,212</u>
Investments:						
Equity in Jewish Community Investment Fund	-	-	-	137,429	90,581	228,010
Other investments	9,519	1,524	-	1,989	14,730	27,762
Funds held in irrevocable trusts	-	-	11,532	-	-	11,532
	<u>9,519</u>	<u>1,524</u>	<u>11,532</u>	<u>139,418</u>	<u>105,311</u>	<u>267,304</u>
Property and equipment, net	-	60,406	-	-	-	60,406
Total assets	<u>\$ 31,959</u>	<u>\$ 80,652</u>	<u>\$ 11,532</u>	<u>\$ 139,468</u>	<u>\$ 105,311</u>	<u>\$ 368,922</u>
Liabilities and Net Assets						
Liabilities:						
Accounts payable – trade	\$ 1,908	\$ 144	\$ -	\$ -	\$ -	\$ 2,052
Accounts payable – agencies	667	-	-	-	-	667
Loans payable	9,001	1,000	-	-	-	10,001
Bonds payable, net	-	38,974	-	-	-	38,974
Other liabilities	2,743	7,287	5,383	10	25	15,448
	<u>14,319</u>	<u>47,405</u>	<u>5,383</u>	<u>10</u>	<u>25</u>	<u>67,142</u>
Net assets	<u>17,640</u>	<u>33,247</u>	<u>6,149</u>	<u>139,458</u>	<u>105,286</u>	<u>301,780</u>
Total liabilities and net assets	<u>\$ 31,959</u>	<u>\$ 80,652</u>	<u>\$ 11,532</u>	<u>\$ 139,468</u>	<u>\$ 105,311</u>	<u>\$ 368,922</u>

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Activities by Internal Fund
Year Ended June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Support and revenue:							
Campaign promises to give	\$ 30,722	\$ -	\$ -	\$ -	\$ -	\$ 30,722	\$ 31,151
Special gifts	6,171	965	-	-	-	7,136	6,571
United Way of Central Maryland, Inc.	250	-	-	-	-	250	301
Legacies and gifts	39	1,167	40	1,605	33,320	36,171	23,852
Funds and foundation revenue	2,876	-	-	-	-	2,876	2,976
Agency infrastructure cost share	2,160	-	-	-	-	2,160	1,966
Endowment and investment income	4,492	15	-	119	356	4,982	4,986
Program and other	1,664	155	(1)	-	-	1,818	1,564
Total support and revenue	48,374	2,302	39	1,724	33,676	86,115	73,367
Expenses:							
Grants and distributions	29,602	22	55	7,136	15,889	52,704	53,284
Administrative	1,208	75	-	51	33	1,367	1,478
Fundraising	1,830	-	-	-	-	1,830	1,541
Salaries and related expenses	11,955	71	-	-	-	12,026	11,497
Advertising and marketing	451	-	-	-	-	451	547
Bad debt	610	-	-	-	-	610	600
Building operations	1,626	155	-	-	-	1,781	2,074
Preventative maintenance and security	446	-	-	-	-	446	510
Depreciation	-	2,996	-	-	-	2,996	3,016
Investment fees	-	-	-	978	725	1,703	1,770
Operating interest expense	128	-	-	-	-	128	115
Total expenses	47,856	3,319	55	8,165	16,647	76,042	76,432
Change in net assets before other financial items	518	(1,017)	(16)	(6,441)	17,029	10,073	(3,065)
Net appreciation (depreciation) in fair value of investments	-	149	69	(7,624)	(7,010)	(14,416)	1,017
Gain (loss) on interest rate swap contracts	-	(1,278)	-	-	-	(1,278)	169
Interest expense	-	(1,950)	-	-	-	(1,950)	(2,039)
Other non-operating expense	(94)	(174)	-	-	-	(268)	(469)
Transfers	-	(55)	-	336	(140)	141	78
Total other financial items	(94)	(3,308)	69	(7,288)	(7,150)	(17,771)	(1,244)
Change in net assets	424	(4,325)	53	(13,729)	9,879	(7,698)	(4,309)
Net assets, beginning of year	17,640	33,247	6,149	139,458	105,286	301,780	306,089
Net assets, end of year	\$ 18,064	\$ 28,922	\$ 6,202	\$ 125,729	\$ 115,165	\$ 294,082	\$ 301,780

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Activities by Internal Fund
Year Ended June 30, 2015
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	Total
Support and revenue:						
Campaign promises to give	\$ 31,151	\$ -	\$ -	\$ -	\$ -	\$ 31,151
Special gifts	5,429	1,142	-	-	-	6,571
United Way of Central Maryland, Inc.	301	-	-	-	-	301
Legacies and gifts	37	1,150	-	2,467	20,198	23,852
Funds and foundation revenue	2,976	-	-	-	-	2,976
Agency infrastructure cost share	1,966	-	-	-	-	1,966
Endowment and investment income	4,255	20	-	333	378	4,986
Program and other	1,510	54	-	-	-	1,564
Total support and revenue	47,625	2,366	-	2,800	20,576	73,367
Expenses:						
Grants and distributions	28,899	-	60	6,582	17,743	53,284
Administrative	1,268	62	-	112	36	1,478
Fundraising	1,541	-	-	-	-	1,541
Salaries and related expenses	11,429	68	-	-	-	11,497
Advertising and marketing	545	2	-	-	-	547
Bad debt	600	-	-	-	-	600
Building operations	1,863	211	-	-	-	2,074
Preventative maintenance and security	510	-	-	-	-	510
Depreciation	-	3,016	-	-	-	3,016
Investment fees	-	-	-	1,036	734	1,770
Operating interest expense	115	-	-	-	-	115
Total expenses	46,770	3,359	60	7,730	18,513	76,432
Change in net assets before other financial items	855	(993)	(60)	(4,930)	2,063	(3,065)
Net appreciation (depreciation) in fair value of investments	-	302	(156)	427	444	1,017
Gain on interest rate swap contracts	-	169	-	-	-	169
Interest expense	-	(2,039)	-	-	-	(2,039)
Other non-operating expense	-	(469)	-	-	-	(469)
Transfers	-	(188)	-	319	(53)	78
Total other financial items	-	(2,225)	(156)	746	391	(1,244)
Change in net assets	855	(3,218)	(216)	(4,184)	2,454	(4,309)
Net assets, beginning of year	16,785	36,465	6,365	143,642	102,832	306,089
Net assets, end of year	\$ 17,640	\$ 33,247	\$ 6,149	\$ 139,458	\$ 105,286	\$ 301,780

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Financial Position – Unrestricted (by Internal Fund)
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Assets							
Cash and cash equivalents	\$ 63	\$ 1,215	\$ -	\$ 50	\$ -	\$ 1,328	\$ 929
Promises to give – annual campaign, net	-	-	-	-	-	-	-
Promises to give – other campaigns, net	-	-	-	-	-	-	-
Promises to give – capital campaign, net	-	-	-	-	-	-	118
Notes receivable	1,228	-	-	-	-	1,228	1,289
Other receivables	503	-	-	-	-	503	568
Other assets	(60)	710	-	-	-	650	469
Due (to) from other funds	75	(75)	-	-	-	-	-
	1,809	1,850	-	50	-	3,709	3,373
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	66,219	87,609	153,828	167,431
Other investments	9,511	50	-	-	15,945	25,506	24,440
	9,511	50	-	66,219	103,554	179,334	191,871
Property and equipment, net	-	59,158	-	-	-	59,158	60,406
Total assets	\$ 11,320	\$ 61,058	\$ -	\$ 66,269	\$ 103,554	\$ 242,201	\$ 255,650
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 2,367	\$ 116	\$ -	\$ -	\$ -	\$ 2,483	\$ 2,077
Accounts payable – agencies	735	-	-	-	-	735	667
Loans payable	8,575	2,000	-	-	-	10,575	10,001
Bonds payable, net	-	37,115	-	-	-	37,115	38,974
Other liabilities	2,633	8,571	-	-	25	11,229	10,055
	14,310	47,802	-	-	25	62,137	61,774
Net assets (deficit)	(2,990)	13,256	-	66,269	103,529	180,064	193,876
Total liabilities and net assets	\$ 11,320	\$ 61,058	\$ -	\$ 66,269	\$ 103,554	\$ 242,201	\$ 255,650

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Financial Position – Temporarily Restricted (by Internal Fund)
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Assets							
Cash and cash equivalents	\$ 392	\$ 3,885	\$ -	\$ -	\$ -	\$ 4,277	\$ 7,097
Promises to give – annual campaign, net	17,500	-	-	-	-	17,500	17,171
Promises to give – other campaigns, net	1,693	-	-	-	-	1,693	983
Promises to give – capital campaign, net	-	8,906	-	-	-	8,906	9,854
Other assets	1,611	1,448	-	-	-	3,059	2,734
Due (to) from other funds	-	-	-	-	-	-	-
	21,196	14,239	-	-	-	35,435	37,839
Investments:							
Equity in Jewish Community							
Investment Fund	-	-	-	53,638	-	53,638	56,422
Other investments	-	1,452	-	1,674	11,636	14,762	3,322
Funds held in irrevocable trusts	-	-	10,421	-	-	10,421	11,532
	-	1,452	10,421	55,312	11,636	78,821	71,276
Total assets	\$ 21,196	\$ 15,691	\$ 10,421	\$ 55,312	\$ 11,636	\$ 114,256	\$ 109,115
Liabilities and Net Assets							
Liabilities:							
Accounts payable, trade	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 25	\$ (25)
Other liabilities	142	-	4,219	9	-	4,370	5,393
	142	25	4,219	9	-	4,395	5,368
Net assets	21,054	15,666	6,202	55,303	11,636	109,861	103,747
Total liabilities and net assets	\$ 21,196	\$ 15,691	\$ 10,421	\$ 55,312	\$ 11,636	\$ 114,256	\$ 109,115

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Activities – Unrestricted (by Internal Fund)
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Support and revenue:							
Special gifts	\$ 3,690	\$ 965	\$ -	\$ -	\$ -	\$ 4,655	\$ 5,689
United Way of Central Maryland, Inc.	250	-	-	-	-	250	301
Legacies and gifts	-	(6)	-	895	19,132	20,021	22,021
Funds and foundation revenue	2,876	-	-	-	-	2,876	2,976
Agency infrastructure cost share	2,160	-	-	-	-	2,160	1,966
Endowment and investment income	4,492	1	-	69	356	4,918	4,846
Program and other	1,664	155	-	-	-	1,819	1,563
Net assets released from restrictions	32,236	4,661	55	693	-	37,645	39,306
Total support and revenue	47,368	5,776	55	1,657	19,488	74,344	78,668
Expenses:							
Grants and distributions	29,602	22	55	7,136	15,889	52,704	53,284
Administrative	1,208	75	-	51	33	1,367	1,478
Fundraising	1,830	-	-	-	-	1,830	1,541
Salaries and related expenses	11,955	71	-	-	-	12,026	11,497
Advertising and marketing	451	-	-	-	-	451	547
Bad debt	610	-	-	-	-	610	600
Building operations	1,626	155	-	-	-	1,781	2,074
Preventative maintenance and security	446	-	-	-	-	446	510
Depreciation	-	2,996	-	-	-	2,996	3,016
Investment fees	-	-	-	978	725	1,703	1,770
Operating interest expense	128	-	-	-	-	128	115
Total expenses	47,856	3,319	55	8,165	16,647	76,042	76,432
Change in net assets before other financial items	(488)	2,457	-	(6,508)	2,841	(1,698)	2,236
Net appreciation (depreciation) in							
fair value of investments	-	149	-	(4,326)	(4,458)	(8,635)	938
(Loss) gain on interest rate swap contracts	-	(1,278)	-	-	-	(1,278)	169
Interest expense	-	(1,950)	-	-	-	(1,950)	(2,039)
Other non-operating expense	(94)	(174)	-	-	-	(268)	(469)
Transfers	-	-	-	157	(140)	17	148
Total other financial items	(94)	(3,253)	-	(4,169)	(4,598)	(12,114)	(1,253)
Change in net assets	(582)	(796)	-	(10,677)	(1,757)	(13,812)	983
Net assets, beginning of year	(2,408)	14,052	-	76,946	105,286	193,876	192,893
Net assets, end of year	\$ (2,990)	\$ 13,256	\$ -	\$ 66,269	\$ 103,529	\$ 180,064	\$ 193,876

**The Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Activities – Temporarily Restricted (by Internal Fund)
June 30, 2016 (With Comparative Totals for 2015)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2016 Total	2015 Total
Support and revenue:							
Campaign promises to give	\$ 30,722	\$ -	\$ -	\$ -	\$ -	\$ 30,722	\$ 31,151
Special gifts	2,481	-	-	-	-	2,481	882
Legacies and gifts	39	1,173	40	710	14,188	16,150	1,831
Endowment and investment income	-	14	-	50	-	64	140
Program and other	-	-	(1)	-	-	(1)	1
Net assets released from restrictions	(32,236)	(4,661)	(55)	(693)	-	(37,645)	(39,306)
Total support and revenue	1,006	(3,474)	(16)	67	14,188	11,771	(5,301)
Change in net assets before other financial items	1,006	(3,474)	(16)	67	14,188	11,771	(5,301)
Net appreciation (depreciation) in fair value of investments	-	-	69	(3,298)	(2,552)	(5,781)	79
Transfers	-	(55)	-	179	-	124	(70)
Total other financial items	-	(55)	69	(3,119)	(2,552)	(5,657)	9
Change in net assets	1,006	(3,529)	53	(3,052)	11,636	6,114	(5,292)
Net assets, beginning of year	20,048	19,195	6,149	58,355	-	103,747	109,039
Net assets, end of year	\$ 21,054	\$ 15,666	\$ 6,202	\$ 55,303	\$ 11,636	\$ 109,861	\$ 103,747