

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

Combined Financial Report
June 30, 2019

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Combined statements of financial position	3-4
Combined statements of activities	5-6
Combined statements of functional expenses	7-8
Combined statements of cash flows	9
Notes to combined financial statements	11-33

Independent auditor's report on the supplementary information	34
---	----

Supplementary information	
Combining statements of financial position by internal fund	35-36
Combining statements of activities by internal fund	37-38
Combining statement of financial position – without donor restrictions (by internal fund)	39
Combining statement of financial position – with donor restrictions (by internal fund)	40
Combining statement of activities – without donor restrictions (by internal fund)	41
Combining statement of activities – with donor restrictions (by internal fund)	42



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

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, 2019 and 2018, the related combined statements of activities, functional expenses 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, 2019 and 2018, 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.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Associated adopted the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The adoption of these standards resulted in additional footnote disclosures, changes to the classification of net assets, and the presentation of a separate statement of functional expenses. Our opinion is not modified with respect to these matters.

As discussed in Note 1 to the financial statements, The Associated's classification of a portion of net assets has been restated to correct an error in the prior period. Our opinion is not modified with respect to this matter.

RSM US LLP

Baltimore, Maryland
November 27, 2019

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

**Combined Statement of Financial Position
June 30, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Assets				
Cash and cash equivalents	\$ (878)	\$ 1,611	\$ 733	\$ 4,291
Promises to give – annual campaign, net	-	15,594	15,594	15,455
Promises to give – capital campaign, net	-	9,449	9,449	9,799
Promises to give – centennial campaign, net	-	15,260	15,260	4,502
Promises to give – other campaigns, net	-	3,213	3,213	2,871
Notes and other receivables	2,517	387	2,904	3,215
Other assets	1,364	2,538	3,902	3,545
Due (to) from other funds	(12,076)	12,076	-	-
	<u>(9,073)</u>	<u>60,128</u>	<u>51,055</u>	<u>43,678</u>
Investments:				
Investment in Jewish Community Investment Fund	550,618	66,709	617,327	641,460
Funds held on behalf of others	(379,097)	-	(379,097)	(400,202)
Equity in Jewish Community Investment Fund	171,521	66,709	238,230	241,258
Other investments	33,161	7,622	40,783	40,521
Funds held in irrevocable trusts	-	12,218	12,218	11,899
	<u>204,682</u>	<u>86,549</u>	<u>291,231</u>	<u>293,678</u>
Property and equipment, net	51,141	-	51,141	53,216
Total assets	\$ 246,750	\$ 146,677	\$ 393,427	\$ 390,572
Liabilities and Net Assets				
Liabilities:				
Accounts payable – trade	\$ 3,121	\$ -	\$ 3,121	\$ 2,723
Accounts payable – agencies	369	-	369	364
Loans payable	10,810	-	10,810	16,133
Bonds payable, net	9,971	-	9,971	17,775
Other liabilities	4,304	4,913	9,217	8,695
	<u>28,575</u>	<u>4,913</u>	<u>33,488</u>	<u>45,690</u>
Net assets	218,175	141,764	359,939	344,882
Total liabilities and net assets	\$ 246,750	\$ 146,677	\$ 393,427	\$ 390,572

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, 2018
(In Thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 1,297	\$ 2,994	\$ 4,291
Promises to give – annual campaign, net	-	15,455	15,455
Promises to give – capital campaign, net	-	9,799	9,799
Promises to give – centennial campaign, net	-	4,502	4,502
Promises to give – other campaigns, net	-	2,871	2,871
Notes and other receivables	3,215	-	3,215
Other assets	1,006	2,539	3,545
Due from (to) other funds	(394)	394	-
	<u>5,124</u>	<u>38,554</u>	<u>43,678</u>
Investments:			
Investment in Jewish Community Investment Fund	563,894	77,566	641,460
Funds held on behalf of others	(400,202)	-	(400,202)
Equity in Jewish Community Investment Fund	<u>163,692</u>	<u>77,566</u>	<u>241,258</u>
Other investments	32,865	7,656	40,521
Funds held in irrevocable trusts	-	11,899	11,899
	<u>196,557</u>	<u>97,121</u>	<u>293,678</u>
Property and equipment, net	<u>53,216</u>	<u>-</u>	<u>53,216</u>
Total assets	<u>\$ 254,897</u>	<u>\$ 135,675</u>	<u>\$ 390,572</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable – trade	\$ 2,723	\$ -	\$ 2,723
Accounts payable – agencies	364	-	364
Loans payable	16,133	-	16,133
Bonds payable, net	17,775	-	17,775
Other liabilities	3,848	4,847	8,695
	<u>40,843</u>	<u>4,847</u>	<u>45,690</u>
Net assets, as restated	<u>214,054</u>	<u>130,828</u>	<u>344,882</u>
Total liabilities and net assets	<u>\$ 254,897</u>	<u>\$ 135,675</u>	<u>\$ 390,572</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, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue:				
Campaign promises to give	\$ -	\$ 30,872	\$ 30,872	\$ 30,672
Centennial promises to give	-	13,278	13,278	4,702
Legacies and gifts	23,456	5,446	28,902	31,516
Special gifts	2,756	4,188	6,944	7,623
Endowment income	5,634	-	5,634	5,291
Investment income	406	-	406	335
Funds and foundation revenue	3,182	-	3,182	3,261
Agency infrastructure cost share	3,153	-	3,153	2,945
Rent infrastructure income	1,776	-	1,776	1,795
Program and other	1,590	64	1,654	1,333
Net assets released from restrictions	44,460	(44,460)	-	-
Total support and revenue	86,413	9,388	95,801	89,473
Expenses:				
Programs	78,907	-	78,907	79,195
General and administrative	1,711	-	1,711	2,585
Fundraising	6,653	-	6,653	6,464
Total expenses	87,271	-	87,271	88,244
Change in net assets from operations	(858)	9,388	8,530	1,229
Non-operating income (expense):				
Net appreciation in fair value of investments	3,200	1,322	4,522	16,846
Investment income	2,480	906	3,386	3,388
(Loss) gain on interest rate swap contracts	(194)	-	(194)	1,656
Interest expense	(934)	-	(934)	(1,724)
Other non-operating expense	(240)	-	(240)	(1,676)
Net assets released from restrictions	335	(335)	-	-
Transfers	332	(345)	(13)	(29)
Total non-operating income (expense), net	4,979	1,548	6,527	18,461
Change in net assets	4,121	10,936	15,057	19,690
Net assets, beginning of year, as restated (Note 1)	214,054	130,828	344,882	325,192
Net assets, end of year	\$ 218,175	\$ 141,764	\$ 359,939	\$ 344,882

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, 2018
(In Thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Campaign promises to give	\$ -	\$ 30,672	\$ 30,672
Centennial promises to give	-	4,702	4,702
Legacies and gifts	27,774	3,742	31,516
Special gifts	2,200	5,423	7,623
Endowment income	5,291	-	5,291
Investment income	334	1	335
Funds and foundation revenue	3,261	-	3,261
Agency infrastructure cost share	2,945	-	2,945
Rent infrastructure income	1,795	-	1,795
Program and other	1,330	3	1,333
Net assets released from restrictions	40,242	(40,242)	-
Total support and revenue	85,172	4,301	89,473
Expenses:			
Programs	79,195	-	79,195
General and administrative	2,585	-	2,585
Fundraising	6,464	-	6,464
Total expenses	88,244	-	88,244
Change in net assets from operations	(3,072)	4,301	1,229
Non-operating income (expense):			
Net appreciation in fair value of investments	14,156	2,690	16,846
Investment income	2,644	744	3,388
Gain on interest rate swap contracts	1,656	-	1,656
Interest expense	(1,724)	-	(1,724)
Other non-operating expense	(1,676)	-	(1,676)
Net assets released from restrictions	1,751	(1,751)	-
Transfers	380	(409)	(29)
Total non-operating income (expense), net	17,187	1,274	18,461
Change in net assets	14,115	5,575	19,690
Net assets, beginning of year, as restated (Note 1)	199,939	125,253	325,192
Net assets, end of year, as restated (Note 1)	<u>\$ 214,054</u>	<u>\$ 130,828</u>	<u>\$ 344,882</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 Functional Expenses
Year Ended June 30, 2019
(With Comparative Totals for 2018)
(In Thousands)

	2019			Total	2018
	Program	General and Administrative	Fundraising		
Operating expenses:					
Grants and distributions	\$ 60,176	\$ -	\$ -	\$ 60,176	\$ 62,621
Compensation	9,626	980	2,750	13,356	12,800
Staff related	611	62	175	848	943
Professional fees	138	186	81	405	440
Advertising and marketing	441	-	189	630	481
Missions and campaign events	-	-	1,056	1,056	805
Program events	1,285	-	-	1,285	1,528
Building operations	3,920	399	1,120	5,439	5,140
Security	617	63	176	856	653
Operating interest expense	209	21	60	290	318
Bad debt	-	-	1,046	1,046	663
Investment consulting fees	1,884	-	-	1,884	1,852
Total operating expenses	78,907	1,711	6,653	87,271	88,244
Non-operating expenses:					
Non-operating interest expense	934	-	-	934	1,724
Other non-operating expenses	137	103	-	240	1,676
Total non-operating expenses	1,071	103	-	1,174	3,400
Total expenses	\$ 79,978	\$ 1,814	\$ 6,653	\$ 88,445	\$ 91,644

See notes to financial statements.

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

**Combined Statement of Functional Expenses
Year Ended June 30, 2018
(In Thousands)**

	2018			Total
	Program	General and Administrative	Fundraising	
Operating expenses:				
Grants and distributions	\$ 62,621	\$ -	\$ -	\$ 62,621
Compensation	8,192	1,536	3,072	12,800
Staff related	604	113	226	943
Professional fees	149	203	88	440
Advertising and marketing	337	-	144	481
Missions and campaign events	-	-	805	805
Program events	1,528	-	-	1,528
Building operations	3,290	617	1,233	5,140
Security	418	78	157	653
Operating interest expense	204	38	76	318
Bad debt	-	-	663	663
Investment consulting fees	1,852	-	-	1,852
Total operating expenses	79,195	2,585	6,464	88,244
Non-operating expenses:				
Non-operating interest expense	1,724	-	-	1,724
Other non-operating expenses	1,480	196	-	1,676
Total non-operating expenses	3,204	196	-	3,400
Total expenses	\$ 82,399	\$ 2,781	\$ 6,464	\$ 91,644

See notes to 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, 2019 and 2018
(In Thousands)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 15,057	\$ 19,690
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,900	2,906
Loss on disposal of other real estate held for investment	76	66
Increase (decrease) in discount and allowance for uncollectible promises to give	478	(3)
Promise to give reversion	1,302	889
Loss (gain) on interest rate swap agreement	194	(1,656)
Net appreciation in fair value of investments	(4,522)	(16,846)
Amortization and write-off of bond issuance costs	136	175
Changes in assets and liabilities:		
(Increase) decrease in:		
Funds held in irrevocable trusts	(319)	(1,698)
Other assets	(357)	(485)
Promises to give	(13,230)	(5,615)
Other receivables	(82)	(305)
Increase (decrease) in:		
Due from local agencies	5	88
Accounts and grants payable	398	(7)
Other liabilities	1,246	(315)
Net cash provided by (used in) operating activities	3,282	(3,116)
Cash flows from investing activities:		
Distributions from Jewish Community Investment Fund	34,380	45,917
Additions to Jewish Community Investment Fund	(26,830)	(31,016)
Change in restricted cash	1,383	(310)
Change in other investments	(338)	3,139
Principal collections on notes receivable	393	463
Funds advanced on notes receivable	-	(439)
Additions to property and equipment	(824)	(747)
Proceeds from sale of other real estate held for investment	-	1,597
Net cash provided by investing activities	8,164	18,604

(Continued)

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

**Combined Statements of Cash Flows (Continued)
Years Ended June 30, 2019 and 2018
(In Thousands)**

	2019	2018
Cash flows from financing activities:		
Proceeds from restricted capital contributions	\$ 560	\$ 749
Principal payments on interest rate swap agreements	(918)	(2,211)
(R repayments on) proceeds from loans payable, net	(5,323)	1,731
Principal payments on bonds payable	(7,940)	(16,835)
Net cash used in financing activities	(13,621)	(16,566)
Net decrease in cash and cash equivalents	(2,175)	(1,078)
Unrestricted cash and cash equivalents:		
Beginning of year	1,297	2,375
End of year	\$ (878)	\$ 1,297
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 934	\$ 1,724

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 was formed to hold 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. Significant intercompany amounts have been eliminated in combination.

Operating measure: All income and expense items related to the ongoing activities of The Associated in carrying out its mission is netted and shown as change in net assets from operations. Non-operating income and expense items relates to investment and capital financing activities that are subject to external factors and/or items that are infrequent and unusual in nature.

Net asset classification: 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are net assets that are contributions and endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of The Associated pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Any resource with a temporary in nature restriction that is received and used during the current year is considered to be a resource without donor restrictions and is reported as net assets without donor restrictions.

**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:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (deficit):			
The Associated: Jewish Community Federation of Baltimore, Inc.	\$ (13,039)	\$ 41,738	\$ 28,699
Associated Jewish Charities of Baltimore	59,693	33,317	93,010
Jewish Community Investment Fund	171,521	66,709	238,230
	<u>\$ 218,175</u>	<u>\$ 141,764</u>	<u>\$ 359,939</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (deficit):			
The Associated: Jewish Community Federation of Baltimore, Inc., as restated	\$ (12,198)	\$ 32,727	\$ 20,529
Associated Jewish Charities of Baltimore	52,877	30,218	83,095
Jewish Community Investment Fund	173,375	67,883	241,258
	<u>\$ 214,054</u>	<u>\$ 130,828</u>	<u>\$ 344,882</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, 2019 and 2018, was \$435 and \$453, respectively. Restricted cash represents cash to pay for debt obligations. Restricted cash at June 30, 2019 and 2018, was \$1,611 and \$2,994, 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 value. To adjust the carrying value of these investments, the change in fair 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 \$617,327 and \$641,460 as of June 30, 2019 and 2018, respectively. The liabilities associated with these funds held on behalf of others were \$379,097 and \$400,202 as of June 30, 2019 and 2018, respectively.

The JCIF held interests in 42 and 38 limited partnerships at June 30, 2019 and 2018, respectively. The majority of the limited partnerships are audited at December 31 of each year, with others audited at June 30 of each year. For the limited partnerships audited at December 31, interim valuations are prepared at June 30 of each year. 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.

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 2.8% for 2019 and 3.4% for 2018.

**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)

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.

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 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 2016.

**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)

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 and has determined that no provision for income tax or reserve for uncertain income tax positions is required for the combined financial statements. Generally, JCIF is no longer subject to income tax examinations by the U.S. federal, state or local authorities for years before 2016.

Appropriations: The Associated budgets annual appropriations to most constituent agencies, supported programs and the Jewish Federation of North America. Appropriations were \$29,726 and \$30,293 for the years ended June 30, 2019 and 2018, respectively, and are included in grants and distributions expense on the combined statements of activities. Appropriations payable were \$369 and \$364 at June 30, 2019 and 2018, respectively, and are included in accounts payable – agencies on the combined statements of financial position.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Supporting expenses include those expenses that are not directly identifiable with any specific function, but which provide for the overall support and direction of The Associated. The costs of providing various program and supporting activities have been presented on a detailed functional basis in the statements of functional expenses. The statements of functional expenses presents expenses on a full allocation basis in accordance with general accepted accounting principles in the United States of America (GAAP). Accordingly, certain costs have been allocated among program and supporting services benefited. All other costs are charged directly to the appropriate program. Expenses that are attributed to more than one program or supporting function are allocated consistently based on the following:

- Compensation, staff related, building operations and operating interest expense were allocated based on management's calculation of full-time employee equivalents and management's estimate of time and effort for employees within each department.

Adopted accounting standards: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create *Topic 606, Revenue from 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 Associated has implemented ASU 2014-09 and has adjusted the presentation of their combined financial statements accordingly. The ASU has been applied using the modified retrospective approach. There was not a material impact to The Associated's net assets upon implementation.

**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)

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 Associated has implemented ASU 2016-14 and has adjusted the presentation of their combined financial statements accordingly. The ASU has been applied retrospectively to all period presented. As permitted by the ASU in the year of adoption, the liquidity and availability disclosure are not presented on a comparative basis. As a result of the pronouncement application, net asset classifications have been reduced from three categories to two categories.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The Associated has implemented ASU 2018-08, however there was no significant impact on the presentation of the combined financial statements.

Accounting pronouncements issued but not yet adopted: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, the guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for The Associated for fiscal years beginning July 1, 2021. The Associated's management is in the process of evaluating the impact that the adoption of ASU 2016-02 will have on its combined financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. This ASU requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. The ASU will be effective for The Associated for fiscal years beginning July 1, 2019. The Associated is in the process of evaluating the impact of this ASU on its combined financial statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the requirement of disclosures on fair value measurements in Topic 820. The amendments remove the requirement to make certain disclosures and modify certain disclosures for Level III fair value measurements. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Associated is currently evaluating the impact this update will have on the combined financial statements.

Reclassification: Certain 2018 amounts were reclassified to conform to 2019 presentation. These reclassifications had no effect on previously stated net assets or change in net assets.

**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)

Restatement: The Associated has restated its previously reported combined statement of activities and changes in net assets for the year ended June 30, 2018 to correct for the misclassification of certain investment net assets between net assets without donor restrictions and net assets with donor restrictions.

The effect of the restatement of the combined statements of activities and changes in net assets and combined statements of financial position for the years ended June 30, 2018 and 2017, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2017, as previously reported	\$ 209,622	\$ 115,570	\$ 325,192
Effect of prior period adjustment related to reclassification of time restricted net assets with donor restriction	(9,683)	9,683	-
Net assets, June 30 2017 as restated	<u>\$ 199,939</u>	<u>\$ 125,253</u>	<u>\$ 325,192</u>
Net assets, June 30, 2017 as restated	\$ 199,939	\$ 125,253	\$ 325,192
Change in net assets, as adjusted	<u>14,115</u>	<u>5,575</u>	<u>19,690</u>
Net assets, June 30, 2018 as restated	<u>\$ 214,054</u>	<u>\$ 130,828</u>	<u>\$ 344,882</u>

Subsequent events: The Associated evaluated subsequent events for potential required disclosures through November 27, 2019, which is the date the combined financial statements were issued.

On October 30, 2019, The Associated received \$3,771 from the sale of unused property located in Baltimore County, Maryland. These proceeds are to be used to replenish funds used to retire bonds and related interest rate swap agreements during calendar year 2018, as detailed in Notes 9 and 14.

Note 2. Liquidity and Availability

The Associated is supported primarily by donor contributions through their various fundraising campaigns and through investment and endowment generated income. Additionally, The Associated has a line of credit, in which approximately \$19,190 was still available to be drawn for general use as of June 30, 2019.

**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. Liquidity and Availability (Continued)

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019, are as follows:

Cash and cash equivalents	\$ (878)
Notes and other receivables	2,517
Investment in Jewish Community Investment Fund	550,618
Other investments	33,161
Total financial assets	585,418
Less:	
Board designated endowments	(45,496)
Investments restricted to liquidation	(20,360)
Funds held on behalf of others	(379,097)
Donor advised funds	(126,068)
Notes and other receivables payable in more than one year	(608)
Add:	
Approved endowment draw for 2020	4,117
Annual campaign contributions receivable for expenditure in 2020	20,233
Financial assets available to meet cash needs for general expenditures within one year	\$ 38,139

Note 3. 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.

**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 3. Fair Value Measurements (Continued)

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 contracts are observable at commonly quoted intervals for the full term of the swaps and, therefore, are considered Level 2 items. 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.

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 2.8% for 2019 and 3.4% for 2018. 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 Associated: Jewish Community Federation of Baltimore, Inc.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

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

Note 3. Fair Value Measurements (Continued)

The following tables presents The Associated's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2019:

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)	\$ 8,114	\$ -	\$ 8,114	\$ -
Domestic equities	552	552	-	-
Fixed income – treasury bonds	15	-	15	-
Other investments	6,082	-	-	6,082
Real estate investments managed by Regional Management, Inc.	20,360	-	-	20,360
Other investments at fair value	35,123	552	8,129	26,442
Cash and cash equivalents	1,451			
Alternative investments measured at NAV (or equivalent) (a)	4,209			
Total other investments	40,783			
Funds held in irrevocable trusts JCIF at fair value:	12,218	-	-	12,218
Money market funds	13,725	13,725	-	-
Mutual funds:				
Fixed income	41,572	41,572	-	-
Domestic growth	44,076	44,076	-	-
Equities	15,269	15,269	-	-
Fixed income:				
Corporate	19,725	-	19,725	-
Total investments at fair value	134,367	114,642	19,725	-
Alternative investments measured at NAV (or equivalent) (a)	482,960			
Less fund held on the behalf of others	(379,097)			
Total investment in the JCIF	238,230			
Total investments	\$ 291,231			
Interest rate swap contracts	\$ (1,302)	\$ -	\$ (1,302)	\$ -
Total liabilities	\$ (1,302)	\$ -	\$ (1,302)	\$ -

**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 3. 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, 2018:

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)	\$ 8,107	\$ -	\$ 8,107	\$ -
Domestic equities	6,496	6,496	-	-
Fixed income – treasury bonds	302	-	302	-
Hedge funds	16	-	-	16
Other investments	168	-	-	168
Real estate investments managed by Regional Management, Inc.	19,452	-	-	19,452
Other real estate held for investment	76	-	-	76
Other investments at fair value	34,617	6,496	8,409	19,712
Cash and cash equivalents	1,796			
Alternative investments measured at NAV (or equivalent) (a)	4,108			
Total other investments	40,521			
Funds held in irrevocable trusts	11,899	-	-	11,899
JCIF at fair value:				
Money market funds	3,495	3,495	-	-
Mutual funds:				
Fixed income	51,776	51,776	-	-
Domestic growth	37,783	37,783	-	-
Commodities	17,001	17,001	-	-
Equities	13,827	13,827	-	-
Fixed income:				
Corporate	20,188	-	20,188	-
Total investments at fair value	144,070	123,882	20,188	-
Alternative investments measured measured at NAV (or equivalent) (a)	497,390			
Less fund held on the behalf of others	(400,202)			
Total investment in the JCIF	241,258			
Total investments	\$ 293,678			
Interest rate swap contracts	\$ (2,026)	\$ -	\$ (2,026)	\$ -
Total liabilities	\$ (2,026)	\$ -	\$ (2,026)	\$ -

**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 3. Fair Value Measurements (Continued)

(a) In accordance with Subtopic 820-10 as amended by ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*, 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.

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, 2019:

Description	Balance, July 1, 2018	Return of Capital	Purchases of Investments	Net Realized Gains (Losses) on Investments	Net Unrealized Gains (Losses) on Investments	Balance, June 30, 2019
Hedge funds	\$ 16	\$ (16)	\$ -	\$ -	\$ -	\$ -
Other investments	168	(100)	6,005	-	9	6,082
Real estate investments	19,452	-	-	-	908	20,360
Other real estate held for investment	76	(76)	-	-	-	-
Funds held in irrevocable trusts	11,899	(217)	38	(90)	588	12,218
	<u>\$31,611</u>	<u>\$ (409)</u>	<u>\$ 6,043</u>	<u>\$ (90)</u>	<u>\$ 1,505</u>	<u>\$ 38,660</u>

The following table presents a reconciliation of activity for the Level 3 financial instruments for the year ended June 30, 2018:

Description	Balance, July 1, 2017	Return of Capital	Purchases of Investments	Net Realized Gains on Investments	Net Unrealized Gains (Losses) on Investments	Balance, June 30, 2018
Hedge funds	\$ 27	\$ (11)	\$ -	\$ -	\$ -	\$ 16
Other investments	3,152	-	-	(2,483)	(501)	168
Real estate investments	18,749	-	-	-	703	19,452
Other real estate held for investment	1,740	-	-	(1,664)	-	76
Funds held in irrevocable trusts	10,201	-	1,656	(438)	480	11,899
	<u>\$33,869</u>	<u>\$ (11)</u>	<u>\$ 1,656</u>	<u>\$ (4,585)</u>	<u>\$ 682</u>	<u>\$ 31,611</u>

**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 3. 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, 2019 and 2018, is as follows:

	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 118,251	\$ 7,500	Monthly – Annually	30 – 90 days
Equity long/short funds (b)	145,684	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	179,083	-	Monthly – Annually	10 – 45 days
Private equity and venture capital funds (d)	44,151	29,185	None	N/A
	<u>\$ 487,169</u>	<u>\$ 36,685</u>		

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 137,729	\$ 13,500	Monthly – Annually	30 – 90 days
Equity long/short funds (b)	132,480	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	167,554	-	Monthly – Annually	4 – 90 days
Private equity and venture capital funds (d)	63,735	19,761	None	N/A
	<u>\$ 501,498</u>	<u>\$ 33,261</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
Jewish Community Investment Fund**

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

Note 3. 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, 2019, 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 4. Other Investments

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

	June 30	
	2019	2018
Without donor restrictions:		
Cash and cash equivalents	\$ 1,433	\$ 1,596
State of Israel bonds (value at maturity)	7,976	7,979
Stocks and mutual funds	90	271
Treasury bonds	-	302
Real estate investments	20,360	19,452
Other real estate held for investment	-	76
Other investments	133	168
Investments valued at NAV	3,169	3,021
	<u>33,161</u>	<u>32,865</u>
With donor restrictions:		
Cash and cash equivalents	18	200
State of Israel bonds (value at maturity)	138	128
Stocks and mutual funds	462	6,225
Treasury bonds	15	-
Hedge funds	-	16
Other investments	5,949	-
Investments valued at NAV	1,040	1,087
	<u>7,622</u>	<u>7,656</u>
Total other investments	<u>\$ 40,783</u>	<u>\$ 40,521</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.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

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

Note 5. 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 endowment 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 is classified as net assets with donor restrictions, 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 funds without donor restrictions 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 5% of unrestricted funds and 5% of general endowment funds.

**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 5. Endowments (Continued)

Endowment Net Asset Composition by Type of Fund
As of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 66,709	\$ 66,709
Board-designated endowment funds	45,496	-	45,496
Total funds	<u>\$ 45,496</u>	<u>\$ 66,709</u>	<u>\$ 112,205</u>

Endowment Net Asset Composition by Type of Fund
As of June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 66,049	\$ 66,049
Board-designated endowment funds	54,161	-	54,161
Total funds	<u>\$ 54,161</u>	<u>\$ 66,049</u>	<u>\$ 120,210</u>

Changes in Endowment Net Assets
Years Ended June 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of June 30, 2017	\$ 71,469	\$ 62,821	\$ 134,290
Net investment income	7,398	3,026	10,424
Contributions	150	2,579	2,729
Appropriation of endowment assets for expenditure	(24,856)	(2,377)	(27,233)
Endowment net assets as of June 30, 2018	54,161	66,049	120,210
Net investment income	2,295	339	2,634
Contributions	3,579	4,247	7,826
Appropriation of endowment assets for expenditure	(14,539)	(3,926)	(18,465)
Endowment net assets as of June 30, 2019	<u>\$ 45,496</u>	<u>\$ 66,709</u>	<u>\$ 112,205</u>

**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 5. Endowments (Continued)

A summary of funds in the JCIF is as follows:

	June 30	
	2019	2018
Unrestricted (a)	\$ 21,312	\$ 30,455
Annual Campaign Endowment funds (b)	24,289	24,783
Designated services for constituent agencies and programs (c)	66,601	64,974
Donor Advised Fund (d)	126,028	121,046
	<u>\$ 238,230</u>	<u>\$ 241,258</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 5% 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.
Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

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

Note 6. Promises to Give

As of June 30, 2019 and 2018, contributors have made written unconditional promises to give totaling \$46,560 and \$35,192, respectively, on which management has established an allowance for uncollectible promises to give of \$1,875 and \$1,535, respectively, and a discount on promises to give of \$1,169 and \$1,030, respectively. Promises to give are classified in the combined financial statements on a net basis as follows:

	June 30	
	2019	2018
Net Assets with Donor Restriction:		
Annual campaign	\$ 15,594	\$ 15,455
Capital campaign	9,449	9,799
Centennial campaign	15,260	4,502
Other campaigns	3,213	2,871
	<u>\$ 43,516</u>	<u>\$ 32,627</u>

Scheduled receipts of gross promises to give as of June 30, 2019 and 2018, are as follows:

	Annual and Other Campaigns	Capital Campaign	Centennial Campaign	2019 Total	2018 Total
Years ending June 30:					
Less than one year	\$ 20,233	\$ 2,396	\$ 5,364	\$ 27,993	\$ 22,399
One to five years	-	3,836	8,871	12,707	6,868
Thereafter	-	4,442	1,566	6,008	5,925
	<u>\$ 20,233</u>	<u>\$ 10,674</u>	<u>\$ 15,801</u>	<u>\$ 46,708</u>	<u>\$ 35,192</u>

Note 7. Notes and Other Receivable

The Associated has community loan pools, which lend 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, 2019 and 2018, the balance on these notes was \$957 and \$1,362, respectively, before reserves of \$95.

**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 8. Property and Equipment

Property and equipment consist of the following:

	June 30	
	2019	2018
Land, buildings and improvements	\$ 92,519	\$ 91,840
Construction in progress	1,305	1,196
Equipment and furniture	3,119	3,082
	<u>96,943</u>	<u>96,118</u>
Less accumulated depreciation	(45,802)	(42,902)
	<u>\$ 51,141</u>	<u>\$ 53,216</u>

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

Note 9. Loans and Bonds Payable

Loans and bonds payable are as follows:

	June 30	
	2019	2018
Colorado Education and Cultural Facilities Authority Revenue Bonds, interest payable at 67% of the 30-day London Interbank Offered Rate (LIBOR) plus 0.99% (2.60% and 2.39% at June 30, 2019 and 2018, respectively); due 2031	\$ 10,055	\$ 17,995
Less unamortized debt issuance costs	(84)	(220)
Subtotal bonds payable	<u>9,971</u>	<u>17,775</u>
\$10,000 demand loan payable to bank; interest payable monthly at ICE LIBOR Daily Floating Rate, plus 0.77% per annum (3.07% and 2.86% at June 30, 2019 and 2018, respectively); due January 31, 2020	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Line of credit – \$20,000 available; interest payable monthly at one-month LIBOR plus 0.55% (2.98% and 2.64% at June 30, 2019 and 2018, respectively) per annum; due November 26, 2019	810	6,133
Subtotal loans payable	<u>10,810</u>	<u>16,133</u>
	<u>\$ 20,781</u>	<u>\$ 33,908</u>

**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. Loans and Bonds Payable (Continued)

Debt principal maturities relating to the above obligations at June 30, 2019, are due in future years as follows:

Years ending June 30:

2020	\$ 10,810
2021	835
2022	870
2023	905
2024	940
Thereafter	<u>6,505</u>
	20,865
Less unamortized debt issuance costs	<u>(84)</u>
	<u><u>\$ 20,781</u></u>

On September 4, 2012, The Associated refinanced the total outstanding balance of its bonds payable, which totaled \$44,080, through 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 the 30-day LIBOR plus 99 basis points, until September 2022, when 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. The bonds are secured by a negative pledge on revenue, on all assets and a parity agreement for any new assets pledged. In February 2018, The Associated paid down \$15,090 of the outstanding bonds. In September 2018, The Associated paid an additional \$6,795 toward the outstanding bonds.

Interest expense totaled \$1,224 and \$2,042 for the years ended June 30, 2019 and 2018, 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 10. Net Assets With Donor Restrictions

As of June 30, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes or periods:

	2019	(As Restated) 2018
Subject to expenditure for specific purpose:		
Grants – annual campaign	\$ 30,872	\$ 30,672
Grants – capital campaign	9,449	9,799
Grants – centennial campaign	15,260	4,502
General	71,566	70,657
	<u>127,147</u>	<u>115,630</u>
Subject to time restriction:		
Annuity trust agreements	7,317	7,061
	<u>7,317</u>	<u>7,061</u>
Subject to the Associated's spending policy and appropriation:		
Investments in perpetuity	3,657	4,157
Unappropriated endowment earnings	3,643	3,980
	<u>7,300</u>	<u>8,137</u>
	<u>\$ 141,764</u>	<u>\$ 130,828</u>

Grants – annual campaign represent revenue which will be released from restriction in the subsequent year.

Note 11. Net Assets Released From Restrictions

For the years ended June 30, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of by occurrence of other events specified by donors, as follows:

	2019	2018
Time restrictions expired	\$ 30,418	\$ 31,010
Purpose restrictions satisfied, including \$118 from Maccabee Task Force	14,042	9,232
Total restrictions released	<u>\$ 44,460</u>	<u>\$ 40,242</u>

**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 12. 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 \$560 and \$533 for the years ended June 30, 2019 and 2018, respectively.

Note 13. 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, 2019 and 2018. 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 \$1,059 and \$889 for the years ended June 30, 2019 and 2018, respectively.

Note 14. Interest Rate Swap Contracts

The Associated had outstanding three interest rate swap contracts with a commercial bank. During the year ended June 30, 2018, The Associated paid \$2,211 to retire the first interest rate swap contract. During the year ended June 30, 2019, The Associated paid \$918 to retire the second interest rate swap contract. At June 30, 2019, The Associated had outstanding one interest rate swap contract with a commercial bank. In accordance with the interest rate swap contracts, The Associated pays a fixed rate of interest of 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 \$10,855. The interest rate swap contracts mature on July 1, 2029.

Activity for the years ended June 30, 2019 and 2018, for the interest rate swap agreements was as follows:

	2019	2018
Fair value of interest rate swaps, beginning of the year	\$ (2,026)	\$ (5,893)
Unrealized (loss) gain on interest rate swaps	(194)	1,656
Principal payments on interest rate swap contracts	918	2,211
Fair value of interest rate swaps, end of the year	<u>\$ (1,302)</u>	<u>\$ (2,026)</u>

**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 15. Commitments

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.

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

The Associated has three letters of credit with a bank totaling \$288 relating to construction projects. One of the letters of credit expires in September 2020 and the remaining two letters of credit expire in November 2019.



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

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, 2019 and 2018, 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 27, 2019

**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, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Assets							
Cash and cash equivalents	\$ 321	\$ 360	\$ -	\$ 50	\$ 2	\$ 733	\$ 4,291
Promises to give – annual campaign, net	15,594	-	-	-	-	15,594	15,455
Promises to give – capital campaign, net	-	9,449	-	-	-	9,449	9,799
Promises to give – centennial campaign, net	6,870	-	-	8,390	-	15,260	4,502
Promises to give – other campaign, net	3,213	-	-	-	-	3,213	2,871
Notes and other receivables	3,024	-	-	(120)	-	2,904	3,215
Other assets	1,839	2,063	-	-	-	3,902	3,545
Due from (to) other funds	4,399	(4,519)	-	120	-	-	-
	<u>35,260</u>	<u>7,353</u>	<u>-</u>	<u>8,440</u>	<u>2</u>	<u>51,055</u>	<u>43,678</u>
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	112,205	126,025	238,230	241,258
Other investments	10,673	1,228	-	1,087	27,795	40,783	40,521
Funds held in irrevocable trusts	-	-	12,218	-	-	12,218	11,899
	<u>10,673</u>	<u>1,228</u>	<u>12,218</u>	<u>113,292</u>	<u>153,820</u>	<u>291,231</u>	<u>293,678</u>
Property and equipment, net	-	51,141	-	-	-	51,141	53,216
Total assets	\$ 45,933	\$ 59,722	\$ 12,218	\$ 121,732	\$ 153,822	\$ 393,427	\$ 390,572
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 3,084	\$ 37	\$ -	\$ -	\$ -	\$ 3,121	\$ 2,723
Accounts payable – agencies	369	-	-	-	-	369	364
Loans payable	10,810	-	-	-	-	10,810	16,133
Bonds payable, net	-	9,971	-	-	-	9,971	17,775
Other liabilities	2,971	1,308	4,901	12	25	9,217	8,695
	<u>17,234</u>	<u>11,316</u>	<u>4,901</u>	<u>12</u>	<u>25</u>	<u>33,488</u>	<u>45,690</u>
Net assets	<u>28,699</u>	<u>48,406</u>	<u>7,317</u>	<u>121,720</u>	<u>153,797</u>	<u>359,939</u>	<u>344,882</u>
Total liabilities and net assets	\$ 45,933	\$ 59,722	\$ 12,218	\$ 121,732	\$ 153,822	\$ 393,427	\$ 390,572

**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, 2018
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	Total
Assets						
Cash and cash equivalents	\$ (423)	\$ 4,661	\$ -	\$ 51	\$ 2	\$ 4,291
Promises to give – annual campaign, net	15,455	-	-	-	-	15,455
Promises to give – capital campaign, net	-	9,799	-	-	-	9,799
Promises to give – centennial campaign, net	487	-	-	4,015	-	4,502
Promises to give – other campaign, net	2,871	-	-	-	-	2,871
Notes and other receivables	3,140	75	-	-	-	3,215
Other assets	1,744	1,801	-	-	-	3,545
Due from (to) other funds	5,569	(5,569)	-	-	-	-
	<u>28,843</u>	<u>10,767</u>	<u>-</u>	<u>4,066</u>	<u>2</u>	<u>43,678</u>
Investments:						
Equity in Jewish Community Investment Fund	-	-	-	120,210	121,048	241,258
Other investments	10,611	1,375	-	1,296	27,239	40,521
Funds held in irrevocable trusts	-	-	11,899	-	-	11,899
	<u>10,611</u>	<u>1,375</u>	<u>11,899</u>	<u>121,506</u>	<u>148,287</u>	<u>293,678</u>
Property and equipment, net	-	53,216	-	-	-	53,216
Total assets	<u>\$ 39,454</u>	<u>\$ 65,358</u>	<u>\$ 11,899</u>	<u>\$ 125,572</u>	<u>\$ 148,289</u>	<u>\$ 390,572</u>
Liabilities and Net Assets						
Liabilities:						
Accounts payable – trade	\$ 2,631	\$ 92	\$ -	\$ -	\$ -	\$ 2,723
Accounts payable – agencies	364	-	-	-	-	364
Loans payable	14,133	2,000	-	-	-	16,133
Bonds payable, net	-	17,775	-	-	-	17,775
Other liabilities	1,797	2,026	4,838	9	25	8,695
	<u>18,925</u>	<u>21,893</u>	<u>4,838</u>	<u>9</u>	<u>25</u>	<u>45,690</u>
Net assets, as restated	<u>20,529</u>	<u>43,465</u>	<u>7,061</u>	<u>125,563</u>	<u>148,264</u>	<u>344,882</u>
Total liabilities and net assets	<u>\$ 39,454</u>	<u>\$ 65,358</u>	<u>\$ 11,899</u>	<u>\$ 125,572</u>	<u>\$ 148,289</u>	<u>\$ 390,572</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, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Support and revenue:							
Campaign promises to give	\$ 30,872	\$ -	\$ -	\$ -	\$ -	\$ 30,872	\$ 30,672
Centennial promises to give	8,903	-	-	4,375	-	13,278	4,702
Legacies and gifts	20	1,615	60	6,721	20,486	28,902	31,516
Special gifts	6,944	-	-	-	-	6,944	7,623
Endowment income	5,634	-	-	-	-	5,634	5,291
Investment income	398	8	-	-	-	406	335
Funds and foundation revenue	3,182	-	-	-	-	3,182	3,261
Agency infrastructure cost share	3,153	-	-	-	-	3,153	2,945
Rent infrastructure income	1,776	-	-	-	-	1,776	1,795
Program and other	1,615	39	-	-	-	1,654	1,333
Total support and revenue	62,497	1,662	60	11,096	20,486	95,801	89,473
Expenses:							
Grants and distributions	32,701	323	74	8,843	18,305	60,246	62,620
Salaries and related expenses	13,288	164	-	-	-	13,452	12,800
Building operations	3,108	124	-	-	-	3,232	2,846
Administrative	1,347	138	-	15	1	1,501	1,521
Fundraising	2,204	-	-	-	-	2,204	2,239
Advertising and marketing	589	-	-	-	-	589	481
Investment fees	-	-	-	948	865	1,813	1,851
Depreciation	-	2,900	-	-	-	2,900	2,906
Bad debt	760	285	-	-	-	1,045	662
Operating interest expense	289	-	-	-	-	289	318
Total expenses	54,286	3,934	74	9,806	19,171	87,271	88,244
Change in net assets from operations	8,211	(2,272)	(14)	1,290	1,315	8,530	1,229
Non-operating income (expense):							
Net appreciation in fair value of investments	37	90	270	1,622	2,503	4,522	16,846
Investment income	-	-	-	1,584	1,802	3,386	3,388
(Loss) Gain on interest rate swap contracts	-	(194)	-	-	-	(194)	1,656
Interest expense	-	(934)	-	-	-	(934)	(1,724)
Other non-operating expense	(103)	(137)	-	-	-	(240)	(1,676)
Transfers	25	8,388	-	(8,339)	(87)	(13)	(29)
Total non-operating income (expense), net	(41)	7,213	270	(5,133)	4,218	6,527	18,461
Change in net assets	8,170	4,941	256	(3,843)	5,533	15,057	19,690
Net assets, beginning of year, as restated	20,529	43,465	7,061	125,563	148,264	344,882	325,192
Net assets, end of year	\$ 28,699	\$ 48,406	\$ 7,317	\$ 121,720	\$ 153,797	\$ 359,939	\$ 344,882

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, 2018
(In Thousands)

	Operating	Capital	Trusts	Endowment	DAF	Total
Support and revenue:						
Campaign promises to give	\$ 30,672	\$ -	\$ -	\$ -	\$ -	\$ 30,672
Centennial promises to give	687	-	-	4,015	-	4,702
Legacies and gifts	23	1,296	1,626	2,652	25,919	31,516
Special gifts	7,623	-	-	-	-	7,623
Endowment income	5,291	-	-	-	-	5,291
Investment income	327	8	-	-	-	335
Funds and foundation revenue	3,261	-	-	-	-	3,261
Agency infrastructure cost share	2,945	-	-	-	-	2,945
Rent infrastructure income	1,724	71	-	-	-	1,795
Program and other	1,298	35	-	-	-	1,333
Total support and revenue	53,851	1,410	1,626	6,667	25,919	89,473
Expenses:						
Grants and distributions	32,346	272	64	8,583	21,355	62,620
Salaries and related expenses	12,486	314	-	-	-	12,800
Building operations	2,709	137	-	-	-	2,846
Administrative	1,333	30	-	158	-	1,521
Fundraising	2,239	-	-	-	-	2,239
Advertising and marketing	481	-	-	-	-	481
Investment fees	-	-	-	984	867	1,851
Depreciation	-	2,906	-	-	-	2,906
Bad debt	662	-	-	-	-	662
Operating interest expense	255	63	-	-	-	318
Total expenses	52,511	3,722	64	9,725	22,222	88,244
Change in net assets from operations	1,340	(2,312)	1,562	(3,058)	3,697	1,229
Non-operating income (expense):						
Net appreciation						
in fair value of investments	183	32	(438)	10,059	7,010	16,846
Investment income	-	-	-	1,552	1,836	3,388
Gain on interest rate swap contracts	-	1,656	-	-	-	1,656
Interest expense	-	(1,724)	-	-	-	(1,724)
Other non-operating expense	(196)	(1,467)	-	-	(13)	(1,676)
Transfers	(25)	18,405	-	(18,801)	392	(29)
Total non-operating income (expense), net	(38)	16,902	(438)	(7,190)	9,225	18,461
Change in net assets	1,302	14,590	1,124	(10,248)	12,922	19,690
Net assets, beginning of year, as restated	19,227	28,875	5,937	135,811	135,342	325,192
Net assets, end of year, as restated	\$ 20,529	\$ 43,465	\$ 7,061	\$ 125,563	\$ 148,264	\$ 344,882

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

**Combining Statement of Financial Position – Without Donor Restrictions (by Internal Fund)
June 30, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Assets							
Cash and cash equivalents	\$ 776	\$ (1,706)	\$ -	\$ 50	\$ 2	\$ (878)	\$ 1,297
Notes and other receivables	2,637	-	-	(120)	-	2,517	3,215
Other assets	925	439	-	-	-	1,364	1,006
Due from (to) other funds	(10,816)	(1,380)	-	120	-	(12,076)	(394)
	<u>(6,478)</u>	<u>(2,647)</u>	<u>-</u>	<u>50</u>	<u>2</u>	<u>(9,073)</u>	<u>5,124</u>
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	45,496	126,025	171,521	163,692
Other investments	10,673	34	-	487	21,967	33,161	32,865
	<u>10,673</u>	<u>34</u>	<u>-</u>	<u>45,983</u>	<u>147,992</u>	<u>204,682</u>	<u>196,557</u>
Property and equipment, net	-	51,141	-	-	-	51,141	53,216
Total assets	\$ 4,195	\$ 48,528	\$ -	\$ 46,033	\$ 147,994	\$ 246,750	\$ 254,897
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 3,084	\$ 37	\$ -	\$ -	\$ -	\$ 3,121	\$ 2,723
Accounts payable – agencies	369	-	-	-	-	369	364
Loans payable	10,810	-	-	-	-	10,810	16,133
Bonds payable, net	-	9,971	-	-	-	9,971	17,775
Other liabilities	2,971	1,308	-	-	25	4,304	3,848
	<u>17,234</u>	<u>11,316</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>28,575</u>	<u>40,843</u>
Net assets (deficit)	<u>(13,039)</u>	<u>37,212</u>	<u>-</u>	<u>46,033</u>	<u>147,969</u>	<u>218,175</u>	<u>214,054</u>
Total liabilities and net assets	\$ 4,195	\$ 48,528	\$ -	\$ 46,033	\$ 147,994	\$ 246,750	\$ 254,897

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

**Combining Statement of Financial Position – With Donor Restrictions (by Internal Fund)
June 30, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Assets							
Cash and cash equivalents	\$ (455)	\$ 2,066	\$ -	\$ -	\$ -	\$ 1,611	\$ 2,994
Promises to give – annual campaign, net	15,594	-	-	-	-	15,594	15,455
Promises to give – capital campaign, net	-	9,449	-	-	-	9,449	9,799
Promises to give – centennial campaign, net	6,870	-	-	8,390	-	15,260	4,502
Promises to give – other campaigns, net	3,213	-	-	-	-	3,213	2,871
Notes and other receivables	387	-	-	-	-	387	-
Other assets	914	1,624	-	-	-	2,538	2,539
Due from (to) other funds	15,215	(3,139)	-	-	-	12,076	394
	41,738	10,000	-	8,390	-	60,128	38,554
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	66,709	-	66,709	77,566
Other investments	-	1,194	-	600	5,828	7,622	7,656
Funds held in irrevocable trusts	-	-	12,218	-	-	12,218	11,899
	-	1,194	12,218	67,309	5,828	86,549	97,121
Property and equipment, net	-	-	-	-	-	-	-
Total assets	\$ 41,738	\$ 11,194	\$ 12,218	\$ 75,699	\$ 5,828	\$ 146,677	\$ 135,675
Liabilities and Net Assets							
Liabilities:							
Accounts payable, trade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable – agencies	-	-	-	-	-	-	-
Other liabilities	-	-	4,901	12	-	4,913	4,847
	-	-	4,901	12	-	4,913	4,847
Net assets	41,738	11,194	7,317	75,687	5,828	141,764	130,828
Total liabilities and net assets	\$ 41,738	\$ 11,194	\$ 12,218	\$ 75,699	\$ 5,828	\$ 146,677	\$ 135,675

**Associated Jewish Charities of Baltimore
Jewish Community Investment Fund**

**Combining Statement of Activities – Without Donor Restrictions (by Internal Fund)
June 30, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Support and revenue:							
Legacies and gifts	\$ 20	\$ 265	\$ -	\$ 2,685	\$ 20,486	\$ 23,456	\$ 27,774
Special gifts	2,756	-	-	-	-	2,756	2,200
Endowment income	5,634	-	-	-	-	5,634	5,291
Investment income	398	8	-	-	-	406	334
Funds and foundation revenue	3,182	-	-	-	-	3,182	3,261
Agency infrastructure cost share	3,153	-	-	-	-	3,153	2,945
Rent infrastructure income	1,776	-	-	-	-	1,776	1,795
Program and other	1,551	39	-	-	-	1,590	1,330
Net assets released from restrictions	35,944	4,381	74	4,061	-	44,460	40,242
Total support and revenue	54,414	4,693	74	6,746	20,486	86,413	85,172
Expenses:							
Grants and distributions	32,701	323	74	8,843	18,305	60,246	62,620
Salaries and related expenses	13,288	164	-	-	-	13,452	12,800
Building operations	3,108	124	-	-	-	3,232	2,846
Administrative	1,347	138	-	15	1	1,501	1,521
Fundraising	2,204	-	-	-	-	2,204	2,239
Advertising and marketing	589	-	-	-	-	589	481
Investment fees	-	-	-	948	865	1,813	1,851
Depreciation	-	2,900	-	-	-	2,900	2,906
Bad debt	760	285	-	-	-	1,045	662
Operating interest expense	289	-	-	-	-	289	318
Transfer from Operating to Capital	-	-	-	-	-	-	-
Total expenses	54,286	3,934	74	9,806	19,171	87,271	88,244
Change in net assets from operations	128	759	-	(3,060)	1,315	(858)	(3,072)
Non-operating income (expense):							
Net appreciation in fair value of investments	37	90	-	570	2,503	3,200	14,156
Investment income	-	-	-	678	1,802	2,480	2,644
Gain on interest rate swap contracts	-	(194)	-	-	-	(194)	1,656
Interest expense	-	(934)	-	-	-	(934)	(1,724)
Other non-operating expense	(103)	(137)	-	-	-	(240)	(1,676)
Net assets released from restrictions	-	-	-	(1,499)	1,834	335	1,751
Transfers	25	8,388	-	(7,994)	(87)	332	380
Total non-operating income (expense), net	(41)	7,213	-	(8,245)	6,052	4,979	17,187
Change in net assets	87	7,972	-	(11,305)	7,367	4,121	14,115
Net assets, beginning of year, as restated	(13,126)	29,240	-	57,338	140,602	214,054	199,939
Net assets, end of year	\$ (13,039)	\$ 37,212	\$ -	\$ 46,033	\$ 147,969	\$ 218,175	\$ 214,054

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

**Combining Statement of Activities – With Donor Restrictions (by Internal Fund)
June 30, 2019 (With Comparative Totals for 2018)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2019 Total	2018 Total
Support and revenue:							
Campaign promises to give	\$ 30,872	\$ -	\$ -	\$ -	\$ -	\$ 30,872	\$ 30,672
Centennial promises to give	8,903	-	-	4,375	-	13,278	4,702
Legacies and gifts	-	1,350	60	4,036	-	5,446	3,742
Special gifts	4,188	-	-	-	-	4,188	5,423
Investment income	-	-	-	-	-	-	1
Program and other	64	-	-	-	-	64	3
Net assets released from restrictions	(35,944)	(4,381)	(74)	(4,061)	-	(44,460)	(40,242)
Total support and revenue	8,083	(3,031)	(14)	4,350	-	9,388	4,301
Change in net assets from operations	8,083	(3,031)	(14)	4,350	-	9,388	4,301
Non-operating income (expense):							
Net appreciation in fair value of investments	-	-	270	1,052	-	1,322	2,690
Investment income	-	-	-	906	-	906	744
Other non-operating revenue	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	1,499	(1,834)	(335)	(1,751)
Transfers	-	-	-	(345)	-	(345)	(409)
Total non-operating income (expense), net	-	-	270	3,112	(1,834)	1,548	1,274
Change in net assets	8,083	(3,031)	256	7,462	(1,834)	10,936	5,575
Net assets, beginning of year, as restated	33,655	14,225	7,061	68,225	7,662	130,828	125,253
Net assets, end of year	\$ 41,738	\$ 11,194	\$ 7,317	\$ 75,687	\$ 5,828	\$ 141,764	\$ 130,828