Jewish Community Investment Fund (Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Financial Report
June 30, 2018

Contents

Independent Auditor's Report

To the Board of Directors
Associated Jewish Charities of Baltimore

Report on the Special-Purpose Financial Statements
We have audited the accompanying special-purpose financial statements of the Jewish Community Investment Fund (JCIF) (Associated Jewish Charities of Baltimore (AJCB), trustee), which comprise the special-purpose statements of assets and net assets as of June 30, 2018 and 2017, the special-purpose statements of changes in net assets for the years then ended, the special-purpose schedules of investments as of June 30, 2018 and 2017, and the related notes to the special-purpose financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the assets and net assets, including the schedules of investments, of the JCIF as of June 30, 2018 and 2017, and the related changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation and Emphasis of Matter
As described in Note 1 to the special-purpose financial statements, the accompanying special-purpose financial statements were prepared for the purpose of presenting the assets, net assets and changes in net assets of the JCIF and the Consolidated Investment Fund (CIF) of AJCB, and is not intended to be solely a presentation of the JCIF. Our opinion is not modified with respect to this matter.

Other Matter
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, 2018 and 2017, and have issued our report thereon dated November 8, 2018.

Restriction on Use
This report is intended solely for the information and use of The Associated Jewish Charities of Baltimore, The Associated: Jewish Community Federation of Baltimore, Inc., its investors, creditors, custodians and advisors; including, but not limited to, Bank of America, N.A., Branch Banking & Trust and Wilmington Trust.

RSM US LLP

Baltimore, Maryland
November 8, 2018

Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Statements of Assets and Net Assets
June 30, 2018 and 2017

	2018	2017
Assets		
Investments at fair value (cost of $414,631,774 in 2018; $408,561,461 in 2017)	**$ 641,459,980**	$ 605,103,567
Redemptions receivable	**-**	5,000,000
Total assets	**$ 641,459,980**	$ 610,103,567
Net assets		
Net assets applicable to The Associated Jewish Charities of Baltimore:		
Unrestricted funds	**$ 30,452,858**	$ 52,139,809
Annual campaign endowment funds	**24,783,067**	23,480,941
Designated funds for constituent agencies and program services	**64,974,201**	58,669,800
Donor Advised Funds	**121,045,887**	105,022,593
Total net assets applicable to The Associated Jewish Charities of Baltimore	**241,256,013**	239,313,143
Assets owned by constituent agencies:		
Jewish Museum of Maryland, Inc.	**6,101,674**	6,007,147
Jewish Community Services, Inc.	**7,912,509**	6,457,775
Comprehensive Housing Assistance, Inc.	**1,862,138**	1,816,355
Elijah Cummings Youth Program in Israel, Inc.	**1,581,080**	1,540,737
Hebrew Free Loan Association of Baltimore City, Inc.	**943,130**	877,749
Jewish Community Center of Baltimore, Inc.	**648,135**	602,871
Maryland/Israel Development Center, Inc.	**581,384**	541,081
Center for Jewish Education, Inc.	**320,392**	313,049
Total net assets applicable to the constituent agencies	**19,950,442**	18,156,764
Assets owned by unrelated organizations:		
Net assets of other Foundations	**156,160,858**	147,958,458
Baltimore Jewish Eldercare Foundation	**10,203,524**	9,866,669
The Baltimore Jewish Health Foundation, Inc.	**44,371,267**	43,066,709
Funds of other nonprofit organizations	**169,517,876**	151,741,824
Total other net assets	**380,253,525**	352,633,660
Total net assets	**$ 641,459,980**	$ 610,103,567

See notes to special-purpose financial statements.

Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Statements of Changes in Net Assets
Years Ended June 30, 2018 and 2017

	2018	2017
Capital transactions activity:		
Proceeds from contributions	**$ 64,103,372**	$ 42,753,914
Withdrawals	**(81,780,627)**	(66,510,487)
Capital transactions, net	**(17,677,255)**	(23,756,573)
Investment income and expenses:		
Dividends, interest and other income	**5,041,184**	2,309,326
Administrative expenses	**(3,114,850)**	(2,797,155)
Trustee commissions and advisory service fees	**(452,193)**	(561,043)
Investment income and expenses, net	**1,474,141**	(1,048,872)
Realized and unrealized appreciation of investments:		
Realized appreciation in fair value	**17,273,427**	20,627,047
Unrealized appreciation in fair value	**30,286,100**	57,534,779
Appreciation of investments	**47,559,527**	78,161,826
Total increase in net assets	**31,356,413**	53,356,381
Net assets:		
Beginning of year	**610,103,567**	556,747,186
End of year	**$ 641,459,980**	$ 610,103,567

See notes to special-purpose financial statements.

Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Schedule of Investments
June 30, 2018

	Shares	Fair Value	Percent of Net Assets
U.S. equity:			
Adage Capital Partners, L.P.	15,551	$ 82,156,069	12.82%
T. Rowe Price Equity	659,850	37,783,037	5.89%
East Side Capital Offshore, LTD	65,901	17,759,109	2.77%
Rutabaga Small Cap Fund, L.P.	10,000,000	17,145,865	2.67%
Eagle Capital Management (*)		13,827,365	2.16%
Subtotal (cost, $65,027,896)		168,671,445	26.31%
Global:			
Silchester International Investors	258,621	35,938,847	5.60%
Lone Cascade, L.P.	10,000	28,754,521	4.48%
Viking Long Fund III, Ltd.	9,931	25,856,398	4.03%
Kabouter International Opportunities Fund II, LLC	14,693,350	22,515,910	3.51%
Johnston International Equity Fund II, LP	20,346,737	20,346,737	3.17%
Tiger Global Long Opportunities, Ltd.	65,727	8,558,016	1.33%
Subtotal (cost, $80,182,789)		141,970,429	22.12%
Multi-strategy:			
Highfields Capital IV LP	7,509	27,640,200	4.31%
Elliott International Limited	11,620	15,883,479	2.48%
Tilden Park Offshore Investment Fund Ltd	9,098	14,634,349	2.28%
Tiger Global, Ltd.	12,564	13,924,543	2.17%
Millennium International, Ltd.	10,622	12,514,642	1.95%
Stone Milliner Macro Fund Inc.	84,445	12,214,669	1.90%
Senator Global Opportunity Offshore Fund LTD	4,453	11,544,599	1.80%
Scopia PX International Limited	5,205	10,700,555	1.67%
Highline Capital International, Ltd.	53,194	10,134,779	1.58%
Greenlight Capital Offshore (Gold), Ltd.	1,182	8,536,801	1.33%
Subtotal (cost, $87,766,210)		137,728,616	21.47%

(*) Managed accounts, which include money market funds and equities (see Note 2 for industry classification).

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Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Schedule of Investments (Continued)
June 30, 2018

	Shares	Fair Value	Percent of Net Assets
Emerging markets:			
WGI Emerging Markets Fund, LLC	813,288	$ 29,974,959	4.67%
Somerset Small Mid Cap EM All Country Fund LLC	11,000,000	12,511,953	1.95%
Capital Group Emerging Markets Total Opportunities Common Trust (U.S.)	1,041,928	8,953,116	1.40%
Subtotal (cost, $32,345,840)		51,440,028	8.02%
Venture capital/private equity:			
Camden Partners Strategic Fund V-A, L.P.	3,051,982	8,698,356	1.36%
Greenspring Global Partners VI, L.P.	2,917,500	5,267,779	.82%
Camden Partners Strategic Fund IV, L.P.	9,977,318	5,239,712	.82%
Commonfund Capital International Partners VI, L.P.	8,116,051	3,593,294	.56%
Greenspring Global Partners VII, L.P.	3,650,000	3,480,978	.54%
Endowment Venture Partners V, L.P.	17,418	1,421,451	.22%
Commonfund Capital Private Equity Partners VI, L.P.	4,483,923	1,242,909	.19%
Commonfund Capital Private Partners Equity V, L.P.	184,896	780,175	.12%
Greenspring Secondaries Fund III, L.P.	754,040	754,040	.12%
Greenspring Opportunities V, L.P.	200,000	551,892	.09%
Greenspring Global Partners VIII, L.P.	314,406	299,911	.05%
Camden Partners Strategic Fund III, L.P.	50,000	81,939	.01%
Subtotal (cost, $37,929,063)		31,412,436	4.90%
Private debt:			
TCW Direct Lending LLC	50,000	2,695,612	.42%
Golub Capital Partners International 11, L.P.	1,500,000	1,539,371	.24%
Sandton Credit Solutions Offshore IV, LP	899,249	844,509	.13%
Subtotal (cost, $4,280,085)		5,079,492	.79%
Hard assets:			
Harvest MLP Income Fund III LLC	10,400,000	12,698,286	1.98%
Prudential Jennision Natural Resources Fund	211,663	8,741,673	1.36%
Van Eck Global Hard Asset Fund	218,672	8,259,253	1.29%
Subtotal (cost, $29,848,326)		29,699,212	4.63%
Fixed income:			
Wells Fargo Advantage Return Bond Fund	3,133,600	39,114,508	6.10%
Corbyn (*)		19,206,020	2.99%
Vanguard Short-Term Bond Fund	1,233,599	12,661,454	1.97%
Subtotal (cost, $72,775,225)		70,981,982	11.06%
Money market fund:			
Wilmington U.S. Government Money Market Fund	4,476,340	4,476,340	.70%
Subtotal (cost, $4,476,340)		4,476,340	.70%
Total investments at June 30, 2018		$ 641,459,980	100.00%

(*) Managed accounts, which include money market funds and equities (see Note 2 for industry classification).

See notes to special-purpose financial statements.

Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Schedule of Investments
June 30, 2017

	Shares	Fair Value	Percent of Net Assets
U.S. equity:			
Adage Capital Partners, L.P.	13,828	$ 71,527,110	11.72%
T. Rowe Price Equity	620,922	32,859,204	5.39%
East Side Capital Offshore, LTD	65,901	16,466,436	2.70%
Rutabaga Small Cap Fund, L.P.	11,584,793	13,596,858	2.23%
Eagle Capital Management (*)		11,861,691	1.94%
Subtotal (cost, $63,987,170)		146,311,299	23.98%
Global:			
Silchester International Investors	260,928	33,828,376	5.54%
Lone Cascade, L.P.	10,000,000	24,372,100	3.99%
Viking Long Fund III, Ltd.	10,569	23,663,243	3.88%
Kabouter International Opportunities Fund II, LLC	14,693,350	20,064,239	3.29%
Johnston International Equity Fund II, LP	17,812,024	17,812,024	2.92%
Tiger Global Long Opportunities II, Ltd.	30,000	4,061,942	.67%
Tiger Global Long Opportunities, Ltd.	20,000	2,580,929	.42%
Subtotal (cost, $74,022,315)		126,382,853	20.71%
Multi-strategy:			
Highfields Capital IV LP	6,475	27,236,500	4.46%
Elliott International Limited	10,503	13,413,046	2.20%
Tilden Park Offshore Investment Fund Ltd	7,000	12,692,081	2.08%
Litespeed Offshore Fund, Ltd.	31,262	12,133,690	1.99%
Stone Milliner Macro Fund Inc.	84,445	12,003,205	1.97%
Tiger Global, Ltd.	12,564	11,754,819	1.93%
Millennium International, Ltd.	10,622	11,275,770	1.85%
Senator Global Opportunity Offshore Fund LTD	4,453	10,860,393	1.78%
Highline Capital International, Ltd.	53,194	10,379,348	1.70%
Scopia PX International Limited	5,205	10,288,774	1.69%
Greenlight Capital Offshore (Gold), Ltd.	1,182	9,956,346	1.63%
Contrarian Fund I Offshore Limited	18,867	7,194,442	1.18%
Luxor Capital Partners Offshore, Ltd.	377	203,362	.03%
Subtotal (cost, $97,029,664)		149,391,776	24.49%

(*) Managed accounts, which include money market funds and equities (see Note 2 for industry classification).

(Continued)

Jewish Community Investment Fund
(Associated Jewish Charities of Baltimore, Trustee)

Special-Purpose Schedule of Investments (Continued)
June 30, 2017

	Shares	Fair Value	Percent of Net Assets
Emerging markets:			
WGI Emerging Markets Fund, LLC	823,489	$ 28,172,405	4.62%
Somerset Small Mid Cap EM All Country Fund LLC	10,613,559	12,834,297	2.10%
Capital Group Emerging Markets Total Opportunities Common Trust (U.S.)	1,006,840	8,950,803	1.47%
Subtotal (cost, $31,500,000)		49,957,505	8.19%
Venture capital/private equity:			
Camden Partners Strategic Fund IV, L.P.	10,111,427	8,195,574	1.34%
Camden Partners Strategic Fund V-A, L.P.	7,604,249	8,048,390	1.32%
Greenspring Global Partners VI, L.P.	2,799,877	4,629,775	.76%
Commonfund Capital International Partners VI, L.P.	8,826,075	4,242,006	.70%
Camden Partners Strategic Fund III, L.P.	5,000,000	3,344,655	.55%
Greenspring Global Partners VII, L.P.	2,164,962	2,137,272	.35%
Endowment Venture Partners V, L.P.	17,418	1,989,961	.33%
Commonfund Capital Private Equity Partners VI, L.P.	4,803,540	1,819,595	.30%
Commonfund Capital Private Partners Equity V, L.P.	195,853	1,125,927	.18%
Subtotal (cost, $41,861,681)		35,533,155	5.83%
Private debt:			
TCW Direct Lending LLC	50,000	3,474,213	.57%
Sandton Credit Solutions Offshore IV, LP	378,258	378,258	.06%
Subtotal (cost, $2,243,939)		3,852,471	.63%
Hard assets:			
Harvest MLP Income Fund III LLC	12,718,600	12,718,600	2.08%
Prudential Jennision Natural Resources Fund	211,663	7,236,750	1.19%
Van Eck Global Hard Asset Fund	218,672	7,056,555	1.16%
Subtotal (cost, $29,848,326)		27,011,905	4.43%
Fixed income:			
Wells Fargo Advantage Return Bond Fund	3,059,721	39,348,013	6.45%
Corbyn (*)		14,102,278	2.31%
Vanguard Short-Term Bond Fund	684,350	7,158,304	1.17%
Subtotal (cost, $62,014,358)		60,608,595	9.93%
Money market fund:			
Wilmington U.S. Government Money Market Fund	6,011,644	6,011,644	.99%
Wilmington U.S. Treasury Money Market Fund	42,353	42,364	.01%
Subtotal (cost, $6,054,008)		6,054,008	1.00%
Total investments at June 30, 2017		$ 605,103,567	99.19%

(*) Managed accounts, which include money market funds and equities (see Note 2 for industry classification).

See notes to special-purpose financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Jewish Community Investment Fund (JCIF) holds substantially all the endowment assets of the AJCB, The Associated: Jewish Community Federation of Baltimore, Inc. and its constituent agencies (collectively referred to as The Associated) and endowment assets of other nonprofit organizations which share a similar mission.

On October 24, 2013, the AJCB created the JCIF, a Maryland business trust, with the AJCB named as sole trustee. The purpose of the JCIF was to replace the Consolidated Investment Fund (CIF) as the investment fund of the AJCB. The transfer of assets began in March 2014 and continued through June 30, 2015. As of June 30, 2018 and 2017, 37 of 38 accounts (totaling $559,303,911 and $533,576,457, respectively) had been transferred to the JCIF. As of June 30, 2018, the schedules include the assets of the JCIF and CIF. As of June 30, 2018 and 2017, one account amounting to $82,156,069 and $71,527,110, respectively, had not been transferred to the JCIF.

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.

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.

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. This excludes endowment funds gifted to The Associated which are designated for capital improvements.

The Associated’s Donor Advised Fund program assets 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.

Assets owned by constituent agencies are funds gifted directly to one of the agencies of The Associated and invested in the JCIF. Distributions from these funds are determined by the respective agency’s Board of Directors.

Other Foundations are separate legal entities and include both private foundations and supporting foundations which receive their nonprofit status because of their relationships with The Associated. Distributions from these funds are determined by the Board of Directors of the respective foundation.

The Baltimore Jewish Eldercare Foundation and the Baltimore Jewish Health Foundation, Inc. are community funds for the benefit of Sinai Hospital and Levindale Hebrew Geriatric Center. 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.

Funds of other nonprofit organizations belong to other organizations that have contracted with AJCB to manage these assets in the JCIF. Distributions from these funds are directed by the respective organizations’ Boards of Directors.

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

A summary of JCIF's significant accounting policies follows:

Basis of presentation: The schedules have been prepared solely for the purpose of presenting the assets, net assets and changes in net assets of the JCIF and CIF. The schedules of assets and net assets, schedules of investments and schedules of changes in net assets include the assets, net assets, revenue, expenses, contributions and withdrawals directly attributable to the performance of the JCIF and CIF. JCIF did not present statements of cash flows for the years ended June 30, 2018 and 2017. Presentation of such statements is not required by special purpose frameworks.

Investments: Purchases and sales of investments, and their related income and expenses, are recorded on the trade-date basis. Investments, other than limited partnership interests and mutual funds, are under custodial agreements with Wilmington Trust (previously known as M&T Trust Company). Professional investment managers have full discretionary authority over the purchase and sale of investments within guidelines established by the Investment Management Committees of the AJCB. Gains and losses on sales of investments and income earned on investments are allocated monthly to each investor based on the individual investor's share of net assets. Investments are stated at fair value as described in Note 2.

The JCIF held interests in 38 limited partnerships at June 30, 2018 and 2017. 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 Investment Management Committee of AJCB regularly reviews the progress and valuation of these interests. Certain of these investments include an inherently higher degree of risk than others. The limited partnerships are not readily marketable and are recorded at fair value based on the net asset value as reported by the underlying portfolio managers in accordance with the "practical expedient" methodology permitted under Generally Accepted Accounting Principles (U.S. GAAP).

Investment risk: The JCIF invests in a professionally managed portfolio that contains common shares and bonds of publicly-traded 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 the fair value of financial instruments. Theoretically, the JCIF'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 JCIF attempts to control its exposure to market risk through various analytical monitoring techniques.

Credit risk: All of the JCIF's depository operations are provided by one broker. In the event this counterparty does not fulfill its obligations, the JCIF may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty. The JCIF attempts to minimize this credit risk by monitoring the creditworthiness of the clearing broker.

Administrative expenses: Expenses and fees are recognized in accordance with the accrual basis of accounting. Fees are charged to each sub-fund based on the fee arrangement agreed to by the parties.

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

Capital transactions: The right to redeem capital is based on the management agreement between the parties but generally redemptions are on demand up to a certain percent of the assets under management each year. The AJCB reserves the right to hold back up to 25% of any large redemptions from the JCIF for up to a year. All assets contributed into the JCIF shall be pooled for investment purposes and invested at the sole discretion of the JCIF.

Interest and dividend income: Interest is recognized in accordance with the accrual basis of accounting. Dividend income arising from securities transactions are recorded based upon the ex-dividend date.

Use of estimates: The preparation of these special-purpose 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 schedules, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The special-purpose financial statements include investments whose values have been estimated by their general partners in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the differences could be material.

Income taxes: The JCIF taxable income or loss is reported by the beneficiaries of the JCIF individually and, accordingly, no income taxes have been provided for in the special-purpose financial statements of the JCIF. The JCIF files tax returns, separate from AJCB, as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the JCIF is subject to examination by federal, state and local jurisdictions, where applicable. The JCIF has reviewed the tax positions for the open tax period through June 30, 2018, and has determined that no provision for income tax or reserve for uncertain income tax positions is required for the JCIF's special-purpose financial statements. Generally, the JCIF is no longer subject to income tax examinations by the U.S. federal, state or local authorities for years before 2015.

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 JCIF has evaluated subsequent events for potential recognition and/or disclosure through November 8, 2018, the date the special-purpose financial statements were available to be issued.

Note 2. Fair Value Measurements

The JCIF follows the Financial Accounting Standards Board (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. Listed equities and holdings in mutual funds are the types of investments included in 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. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes 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 a 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.

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 JCIF’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

Note 2. Fair Value Measurements (Continued)

The following table presents the JCIF's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 4,476,340	$ 4,476,340	$ -	$ -
Mutual funds:				
Fixed income	51,775,962	51,775,962	-	-
Domestic growth	37,783,037	37,783,037	-	-
Commodities	17,000,926	17,000,926	-	-
Equities:				
Consumer discretionary	1,729,946	1,729,946	-	-
Energy	445,004	445,004	-	-
Financial services	4,204,257	4,204,257	-	-
Health care	935,836	935,836	-	-
Industrials	468,200	468,200	-	-
Information technology	1,703,470	1,703,470	-	-
Materials	397,134	397,134	-	-
Communication services	3,943,518	3,943,518	-	-
Fixed income:				
Corporate	19,206,020	-	19,206,020	-
	144,069,650	$ 124,863,630	$ 19,206,020	$ -
Alternative investments measured at NAV (or equivalent) (a)	497,390,330			
Total investments	$ 641,459,980			

Note 2. Fair Value Measurements (Continued)

The following table presents the JCIF's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2017:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 6,054,008	$ 6,054,008	$ -	$ -
Mutual funds:				
Fixed income	46,506,317	46,506,317	-	-
Domestic growth	32,859,204	32,859,204	-	-
Commodities	14,293,305	14,293,305	-	-
Equities:				
Consumer discretionary	2,918,538	2,918,538	-	-
Energy	319,392	319,392	-	-
Financial	3,975,822	3,975,822	-	-
Health care	765,677	765,677	-	-
Industrials	132,370	132,370	-	-
Information technology	2,321,555	2,321,555	-	-
Materials	464,625	464,625	-	-
Telecommunication services	963,712	963,712	-	-
Fixed income:				
Corporate	14,102,278	-	14,102,278	-
	125,676,803	$ 111,574,525	$ 14,102,278	$ -
Alternative investments measured at NAV (or equivalent) (a)	479,426,764			
Total investments	$ 605,103,567			

(a) In accordance with FASB Accounting Standards Codification Subtopic 820-10, Fair Value Measurements and Disclosures as amended by FASB Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that were measured at net asset value (NAV) per share (or equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in the table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the special purpose statements of assets and net assets.

Note 2. Fair Value Measurements (Continued)

The JCIF invests in certain entities for which the fair value measurement is assessed using NAV per share, or its equivalents. Information pertaining to these investments at June 30, 2018 and 2017, is as follows:

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	$ 137,728,616	$ 13,500,000	Monthly – Annually	30 – 90 days
Equity long/short funds (b)	129,759,329	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	193,410,457	-	Monthly – Annually	5 – 45 days
Venture capital and private equity funds (d)	36,491,928	19,741,282	None	N/A
	$ 497,390,330	$ 33,241,282		

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	$ 149,391,776	$ 15,000,000	Monthly – Annually	45 – 90 days
Equity long/short funds (b)	85,123,966	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	175,219,280	-	Monthly – Quarterly	5 – 90 days
Venture capital and private equity funds (d)	69,691,742	9,770,180	None	N/A
	$ 479,426,764	$ 24,770,180		

(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 a fund that invests both long and short in various domestic and international common stocks and commodities futures contracts. Management of the fund 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 global 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.

Note 2. Fair Value Measurements (Continued)

(d) This category includes private equity and venture capital funds. These investments can never be redeemed from the underlying 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, 2018, 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. The JCIF uses the NAV of the underlying partnership investments as reported by the respective partnership investment managers. It is estimated that the majority of the underlying assets of the funds would be liquidated over five to eight years.

Note 3. Financial Highlights

Certain financial highlights are presented below, including investment gain or loss to average net assets, expenses to average net assets, and total return. Total return is calculated based on the change in value during the period of a theoretical investment made at the beginning of the period. Operating performance highlights for the JCIF for the years ended June 30, 2018 and 2017, were as follows:

	2018	2017
Total return	7.84%	13.22%
Expenses to average net assets	(0.57)%	(0.58)%
Dividends, interest and other income to average net assets	0.81%	0.40%

These financial highlights are for the JCIF and the returns and ratios may differ between organizations based on different fee arrangements and the timing of capital transactions. In addition, these financial highlights may not be indicative of future performance.

The JCIF pays management fees to investment managers based on style or program, which across the entire portfolio amount to approximately nine basis points on an annualized basis. These fees are netted with the income earned from the investments and are included in the calculation of total return above.