

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

Combined Financial Report
June 30, 2018

Contents

Independent auditor's report	1-2
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Financial statements	
Combined statements of financial position	3-4
Combined statements of activities	5-6
Combined statements of cash flows	7
Notes to combined financial statements	8-27

Independent auditor's report on the supplementary information	28
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Supplementary information	
Combining statements of financial position by internal fund	29-30
Combining statements of activities by internal fund	31-32
Combining statement of financial position – unrestricted (by internal fund)	33
Combining statement of financial position – temporarily restricted (by internal fund)	34
Combining statement of activities – unrestricted (by internal fund)	35
Combining statement of activities – temporarily restricted (by internal fund)	36



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, 2018 and 2017, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Associated: Jewish Community Federation of Baltimore, Inc., Associated Jewish Charities of Baltimore and Jewish Community Investment Fund as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Baltimore, Maryland
November 8, 2018

**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 (With Comparative Totals for 2017)
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Assets					
Cash and cash equivalents	\$ 1,297	\$ 2,994	\$ -	\$ 4,291	\$ 5,059
Promises to give – annual campaign, net	-	15,455	-	15,455	15,814
Promises to give – capital campaign, net	-	9,799	-	9,799	10,491
Promises to give – centennial campaign, net	-	4,502	-	4,502	-
Promises to give – other campaigns, net	-	2,871	-	2,871	2,342
Notes and other receivables	3,215	-	-	3,215	2,934
Other assets	1,006	2,539	-	3,545	3,060
Due (to) from other funds	(394)	394	-	-	-
	<u>5,124</u>	<u>38,554</u>	<u>-</u>	<u>43,678</u>	<u>39,700</u>
Investments:					
Investment in Jewish Community Investment Fund	573,577	63,726	4,157	641,460	610,104
Funds held on behalf of others	(400,202)	-	-	(400,202)	(370,791)
Equity in Jewish Community Investment Fund	<u>173,375</u>	<u>63,726</u>	<u>4,157</u>	<u>241,258</u>	<u>239,313</u>
Other investments	32,865	7,656	-	40,521	45,323
Funds held in irrevocable trusts	-	11,899	-	11,899	10,201
	<u>206,240</u>	<u>83,281</u>	<u>4,157</u>	<u>293,678</u>	<u>294,837</u>
Property and equipment, net	<u>53,216</u>	<u>-</u>	<u>-</u>	<u>53,216</u>	<u>55,375</u>
Total assets	<u>\$ 264,580</u>	<u>\$ 121,835</u>	<u>\$ 4,157</u>	<u>\$ 390,572</u>	<u>\$ 389,912</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable – trade	\$ 2,723	\$ -	\$ -	\$ 2,723	\$ 2,730
Accounts payable – agencies	364	-	-	364	276
Loans payable	16,133	-	-	16,133	14,402
Bonds payable, net	17,775	-	-	17,775	34,435
Other liabilities	3,848	4,847	-	8,695	12,877
	<u>40,843</u>	<u>4,847</u>	<u>-</u>	<u>45,690</u>	<u>64,720</u>
Net assets	<u>223,737</u>	<u>116,988</u>	<u>4,157</u>	<u>344,882</u>	<u>325,192</u>
Total liabilities and net assets	<u>\$ 264,580</u>	<u>\$ 121,835</u>	<u>\$ 4,157</u>	<u>\$ 390,572</u>	<u>\$ 389,912</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 Financial Position
June 30, 2017
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and cash equivalents	\$ 2,375	\$ 2,684	\$ -	\$ 5,059
Promises to give – annual campaign, net	-	15,814	-	15,814
Promises to give – capital campaign, net	-	10,491	-	10,491
Promises to give – other campaigns, net	-	2,342	-	2,342
Notes and other receivables	2,889	45	-	2,934
Other assets	521	2,539	-	3,060
Due from (to) other funds	279	(279)	-	-
	<u>6,064</u>	<u>33,636</u>	<u>-</u>	<u>39,700</u>
Investments:				
Investment in Jewish Community Investment Fund	547,283	58,664	4,157	610,104
Funds held on behalf of others	(370,791)	-	-	(370,791)
Equity in Jewish Community Investment Fund	<u>176,492</u>	<u>58,664</u>	<u>4,157</u>	<u>239,313</u>
Other investments	32,093	13,230	-	45,323
Funds held in irrevocable trusts	-	10,201	-	10,201
	<u>208,585</u>	<u>82,095</u>	<u>4,157</u>	<u>294,837</u>
Property and equipment, net	<u>55,375</u>	<u>-</u>	<u>-</u>	<u>55,375</u>
Total assets	<u>\$ 270,024</u>	<u>\$ 115,731</u>	<u>\$ 4,157</u>	<u>\$ 389,912</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable – trade	\$ 2,705	\$ 25	\$ -	\$ 2,730
Accounts payable – agencies	276	-	-	276
Loans payable	14,402	-	-	14,402
Bonds payable, net	34,435	-	-	34,435
Other liabilities	8,584	4,293	-	12,877
	<u>60,402</u>	<u>4,318</u>	<u>-</u>	<u>64,720</u>
Net assets	<u>209,622</u>	<u>111,413</u>	<u>4,157</u>	<u>325,192</u>
Total liabilities and net assets	<u>\$ 270,024</u>	<u>\$ 115,731</u>	<u>\$ 4,157</u>	<u>\$ 389,912</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, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Support and revenue:					
Campaign promises to give	\$ -	\$ 30,672	\$ -	\$ 30,672	\$ 30,852
Centennial promises to give	-	4,702	-	4,702	-
Legacies and gifts	27,774	3,742	-	31,516	31,632
Special gifts	2,200	5,423	-	7,623	9,845
Endowment income	5,291	-	-	5,291	4,725
Investment income	334	1	-	335	331
Funds and foundation revenue	3,261	-	-	3,261	2,903
Agency infrastructure cost share	2,945	-	-	2,945	2,657
Rent infrastructure income	1,795	-	-	1,795	1,796
Program and other	1,330	3	-	1,333	1,508
Net assets released from restrictions	40,242	(40,242)	-	-	-
Total support and revenue	85,172	4,301	-	89,473	86,249
Expenses:					
Grants and distributions	62,620	-	-	62,620	62,330
Salaries and related expenses	12,800	-	-	12,800	12,319
Building operations	2,846	-	-	2,846	2,715
Administrative	1,521	-	-	1,521	1,663
Fundraising	2,239	-	-	2,239	1,871
Advertising and marketing	481	-	-	481	472
Investment fees	1,851	-	-	1,851	1,780
Depreciation	2,906	-	-	2,906	2,930
Bad debt	662	-	-	662	612
Operating interest expense	318	-	-	318	206
Total expenses	88,244	-	-	88,244	86,898
Change in net assets from operations	(3,072)	4,301	-	1,229	(649)
Non-operating income (expense):					
Net appreciation in fair value of investments	14,156	2,690	-	16,846	30,916
Investment income	2,644	744	-	3,388	459
Gain on interest rate swap contracts	1,656	-	-	1,656	2,673
Interest expense	(1,724)	-	-	(1,724)	(1,881)
Other non-operating expense	(1,676)	-	-	(1,676)	(377)
Net assets released from restrictions	1,751	(1,751)	-	-	-
Transfers	380	(409)	-	(29)	(31)
Total non-operating income (expense), net	17,187	1,274	-	18,461	31,759
Change in net assets	14,115	5,575	-	19,690	31,110
Net assets, beginning of year	209,622	111,413	4,157	325,192	294,082
Net assets, end of year	\$ 223,737	\$ 116,988	\$ 4,157	\$ 344,882	\$ 325,192

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, 2017
(In Thousands)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Campaign promises to give	\$ -	\$ 30,852	\$ -	\$ 30,852
Legacies and gifts	26,296	5,336	-	31,632
Special gifts	3,696	6,149	-	9,845
Endowment income	4,725	-	-	4,725
Investment income	296	35	-	331
Funds and foundation revenue	2,903	-	-	2,903
Agency infrastructure cost share	2,657	-	-	2,657
Rent infrastructure income	1,796	-	-	1,796
Program and other	1,509	(1)	-	1,508
Net assets released from restrictions	43,327	(43,327)	-	-
Total support and revenue	87,205	(956)	-	86,249
Expenses:				
Grants and distributions	62,330	-	-	62,330
Salaries and related expenses	12,319	-	-	12,319
Building operations	2,715	-	-	2,715
Administrative	1,663	-	-	1,663
Fundraising	1,871	-	-	1,871
Advertising and marketing	472	-	-	472
Investment fees	1,780	-	-	1,780
Depreciation	2,930	-	-	2,930
Bad debt	612	-	-	612
Operating interest expense	206	-	-	206
Total expenses	86,898	-	-	86,898
Change in net assets from operations	307	(956)	-	(649)
Non-operating income (expense):				
Net appreciation in fair value of investments	27,935	2,981	-	30,916
Investment income	446	13	-	459
Gain on interest rate swap contracts	2,673	-	-	2,673
Interest expense	(1,881)	-	-	(1,881)
Other non-operating expense	(377)	-	-	(377)
Net assets released from restrictions	365	(365)	-	-
Transfers	90	(121)	-	(31)
Total non-operating income (expense), net	29,251	2,508	-	31,759
Change in net assets	29,558	1,552	-	31,110
Net assets, beginning of year	180,064	109,861	4,157	294,082
Net assets, end of year	\$ 209,622	\$ 111,413	\$ 4,157	\$ 325,192

**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, 2018 and 2017
(In Thousands)**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 19,690	\$ 31,110
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,906	2,930
Loss on disposal of other real estate held for investment	66	40
(Decrease) increase in discount and allowance for uncollectible promises to give	(3)	13
Promise to give reversion	889	452
In-kind real estate donation	-	(400)
Gain on interest rate swap agreement	(1,656)	(2,673)
Net appreciation in fair value of investments	(16,846)	(30,916)
Amortization and write-off of bond issuance costs	175	31
Non-cash stock donation	-	(3,012)
Changes in assets and liabilities:		
(Increase) decrease in:		
Funds held in irrevocable trusts	(1,698)	220
Other assets	(485)	(153)
Promises to give	(5,615)	(1,985)
Other receivables	(305)	(1,123)
Increase (decrease) in:		
Due from local agencies	88	(459)
Accounts and grants payable	(7)	222
Other liabilities	(2,526)	43
Net cash used in operating activities	(5,327)	(5,660)
Cash flows from investing activities:		
Distributions from Jewish Community Investment Fund	45,917	22,898
Additions to Jewish Community Investment Fund	(31,016)	(19,672)
Change in restricted cash	(310)	1,593
Change in other investments	3,139	(302)
Principal collections on notes receivable	463	1,026
Funds advanced on notes receivable	(439)	(1,106)
Additions to property and equipment	(747)	(1,128)
Proceeds from sale of other real estate held for investment	1,597	600
Net cash provided by investing activities	18,604	3,909
Cash flows from financing activities:		
Proceeds from restricted capital contributions	749	972
Proceeds from loans payable, net	1,731	3,827
Principal payments on bonds payable	(16,835)	(2,001)
Net cash (used in) provided by financing activities	(14,355)	2,798
Net (decrease) increase in cash and cash equivalents	(1,078)	1,047
Unrestricted cash and cash equivalents:		
Beginning of year	2,375	1,328
End of year	\$ 1,297	\$ 2,375
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,724	\$ 1,881
Supplemental schedule of noncash investing activity:		
In-kind real estate donation	\$ -	\$ 400

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.

The combined financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) regarding financial statements of not-for-profit organizations. Under these requirements, The Associated is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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

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

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

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

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

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

The components of net assets by entity are as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets (deficit):				
The Associated: Jewish Community Federation of Baltimore, Inc.	\$ (2,515)	\$ 23,044	\$ -	\$ 20,529
Associated Jewish Charities of Baltimore	52,877	30,218	-	83,095
Jewish Community Investment Fund	173,375	63,726	4,157	241,258
	<u>\$ 223,737</u>	<u>\$ 116,988</u>	<u>\$ 4,157</u>	<u>\$ 344,882</u>
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets (deficit):				
The Associated: Jewish Community Federation of Baltimore, Inc.	\$ (3,230)	\$ 22,457	\$ -	\$ 19,227
Associated Jewish Charities of Baltimore	36,360	30,292	-	66,652
Jewish Community Investment Fund	176,492	58,664	4,157	239,313
	<u>\$ 209,622</u>	<u>\$ 111,413</u>	<u>\$ 4,157</u>	<u>\$ 325,192</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, 2018 and 2017 was \$453 and \$412, respectively. Restricted cash represents cash to pay for debt obligations. Restricted cash at June 30, 2018 and 2017 was \$2,994 and \$2,684, 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.

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.

**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)

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 \$641,460 and \$610,104 as of June 30, 2018 and 2017, respectively. The liabilities associated with these funds held on behalf of others were \$400,202 and \$370,791 as of June 30, 2018 and 2017, respectively.

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 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 3.4% for 2018 and 2.4% for 2017.

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.

**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)

Valuation of long-lived assets: The Associated reviews the valuation of long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

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

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

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

The Associated 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 2015.

**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 2015.

Appropriations: The Associated budgets annual appropriations to most constituent agencies, supported programs and the Jewish Federation of North America. Appropriations were \$30,293 and \$30,078 for the years ended June 30, 2018 and 2017, respectively, and are included in grants and distributions expense on the combined statements of activities. Appropriations payable were \$364 and \$276 at June 30, 2018 and 2017, respectively, and are included in accounts payable – agencies on the combined statements of financial position.

Accounting pronouncements issued but not yet adopted: In May 2014, the 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 amendments in this ASU are effective for The Associated for annual reporting periods beginning July 1, 2019. The impact of adopting ASU 2014-09 on The Associated's combined financial statements for subsequent periods is currently being determined.

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, 2020. 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 August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for The Associated for fiscal years beginning July 1, 2018. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Associated is in the process of evaluating the impact of this ASU on the combined financial statements.

**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 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Additionally, the ASU provides for earlier effective dates for public business entities). Where The Associated is a resource recipient, the ASU is effective for The Associated for fiscal years beginning July 1, 2019. Where The Associated is a resource provider, the ASU is effective for The Associated for fiscal years beginning July 1, 2020. Early adoption is permitted. The Associated is currently evaluating the impact of the adoption of this guidance on its combined financial statements.

Reclassification: Certain 2017 amounts were reclassified to conform to 2018 presentation. These reclassifications had no effect on previously stated net assets or change in net assets.

Subsequent events: The Associated evaluated subsequent events for potential required disclosures through November 8, 2018, which is the date the combined financial statements were issued.

Note 2. Fair Value Measurements

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

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

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

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

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

Note 2. Fair Value Measurements (Continued)

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 3.4% for 2018 and 2.4% for 2017. 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 2. 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, 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:				
Consumer discretionary	441	441	-	-
Consumer staples	9	9	-	-
Financials	5,859	5,859	-	-
Health care	53	53	-	-
Industrials	32	32	-	-
Information technology	26	26	-	-
Services	34	34	-	-
Utilities	22	22	-	-
Other	20	20	-	-
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:				
Consumer discretionary	1,730	1,730	-	-
Energy	445	445	-	-
Financial	4,204	4,204	-	-
Health care	936	936	-	-
Industrials	468	468	-	-
Information technology	1,703	1,703	-	-
Materials	397	397	-	-
Telecommunication services	3,944	3,944	-	-
Fixed income:				
Corporate	20,188	-	20,188	-
	144,070	123,882	20,188	-
Total investments at fair value	180,483	\$ 130,378	\$ 28,597	\$ 31,611
Alternative investments 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 2. Fair Value Measurements (Continued)

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

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State of Israel bonds (value at maturity)	\$ 7,999	\$ -	\$ 7,999	\$ -
Domestic equities:				
Consumer discretionary	93	93	-	-
Consumer staples	23	23	-	-
Energy	14	14	-	-
Financials	6,239	6,239	-	-
Health care	143	143	-	-
Industrials	50	50	-	-
Information technology	77	77	-	-
Materials	51	51	-	-
Services	87	87	-	-
Utilities	44	44	-	-
Other	41	41	-	-
Fixed income – treasury bonds	263	-	263	-
Hedge funds	27	-	-	27
Other investments	3,152	-	-	3,152
Real estate investments managed by Regional Management, Inc.	18,749	-	-	18,749
Other real estate held for investment	1,740	-	-	1,740
Other investments at fair value	38,792	6,862	8,262	23,668
Cash and cash equivalents	2,342			
Alternative investments measured at NAV (or equivalent) (a)	4,189			
Total other investments	45,323			
Funds held in irrevocable trusts	10,201	-	-	10,201
JCIF at fair value:				
Money market funds	11,054	11,054	-	-
Mutual funds:				
Fixed income	46,507	46,507	-	-
Domestic growth	32,859	32,859	-	-
Commodities	14,293	14,293	-	-
Equities:				
Consumer discretionary	2,919	2,919	-	-
Energy	319	319	-	-
Financial	3,976	3,976	-	-
Health care	766	766	-	-
Industrials	132	132	-	-
Information technology	2,321	2,321	-	-
Materials	465	465	-	-
Telecommunication services	964	964	-	-
Fixed income:				
Corporate	14,102	-	14,102	-
	130,677	116,575	14,102	-
Total investments at fair value	171,811	\$ 123,437	\$ 22,364	\$ 33,869
Alternative investments measured at NAV (or equivalent) (a)	479,427			
Less fund held on the behalf of others	(370,791)			
Total investment in the JCIF	239,313			
Total investments	\$ 294,837			
Interest rate swap contracts	\$ (5,893)	\$ -	\$ (5,893)	\$ -
Total liabilities	\$ (5,893)	\$ -	\$ (5,893)	\$ -

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

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

Note 2. Fair Value Measurements (Continued)

(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, 2018:

Description	Balance, July 1, 2017	Return of Capital	Purchases of Investments	Net Realized Gains (Losses) on Investments	Net Unrealized Gains (Losses) on Investments	Transfer from (to) Level 2	Balance, June 30, 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>\$ -</u>	<u>\$ 31,611</u>

The following table presents a reconciliation of activity for the Level 3 financial instruments for the year ended June 30, 2017:

Description	Balance, July 1, 2016	Return of Capital	Purchases of Investments	Net Realized Gains on Investments	Net Unrealized Gains (Losses) on Investments	Transfer from (to) Level 2	Balance, June 30, 2017
Domestic equities – other	\$ 1,872	\$ -	\$ -	\$ -	\$ (1,872)	\$ -	\$ -
Hedge funds	27	-	-	-	-	-	27
Other investments	150	(10)	3,012	-	-	-	3,152
Real estate investments	13,398	-	-	-	5,351	-	18,749
Other real estate held for investment	1,981	-	399	(640)	-	-	1,740
Funds held in irrevocable trusts	10,421	-	456	(676)	-	-	10,201
	<u>\$ 27,849</u>	<u>\$ (10)</u>	<u>\$ 3,867</u>	<u>\$ (1,316)</u>	<u>\$ 3,479</u>	<u>\$ -</u>	<u>\$ 33,869</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 2. Fair Value Measurements (Continued)

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

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 137,729	\$ 13,500	Monthly – Annually	45 – 90 days
Equity long/short funds (b)	132,480	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	167,554	-	Monthly – Quarterly	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>		

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	\$ 149,392	\$ 15,000	Monthly – Annually	45 – 90 days
Equity long/short funds (b)	87,797	-	Monthly – Quarterly	30 – 60 days
Global opportunity funds (c)	175,219	-	Monthly – Quarterly	4 – 90 days
Private equity and venture capital funds (d)	71,208	9,800	None	N/A
	<u>\$ 483,616</u>	<u>\$ 24,800</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 2. Fair Value Measurements (Continued)

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

Note 3. Other Investments

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

	June 30	
	2018	2017
Unrestricted:		
Cash and cash equivalents	\$ 1,596	\$ 1,316
State of Israel bonds (value at maturity)	7,979	7,871
Stocks and mutual funds	271	271
Treasury bonds	302	263
Real estate investments	19,452	18,030
Other real estate held for investment	76	1,341
Other investments	168	140
Investments valued at NAV	3,021	2,861
	<u>32,865</u>	<u>32,093</u>
Temporarily restricted:		
Cash and cash equivalents	200	1,026
State of Israel bonds (value at maturity)	128	128
Stocks and mutual funds	6,225	6,591
Hedge funds	16	27
Real estate investments	-	719
Other real estate held for investment	-	399
Other investments	-	3,012
Investments valued at NAV	1,087	1,328
	<u>7,656</u>	<u>13,230</u>
Total other investments	<u>\$ 40,521</u>	<u>\$ 45,323</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 4. Endowments

Interpretation of relevant law: The Board of Directors of The Associated has interpreted the state of Maryland's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, The Associated classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by The Associated in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Associated considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

Spending policy: The current spending policy is calculated upon a 12-quarter trailing average of market value. Unless otherwise directed by a donor, distributions are made in the amount of 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 4. Endowments (Continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 61,892	\$ 4,157	\$ 66,049
Board-designated endowment funds	54,161	-	-	54,161
Total funds	\$ 54,161	\$ 61,892	\$ 4,157	\$ 120,210

Endowment Net Asset Composition by Type of Fund
As of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 58,664	\$ 4,157	\$ 62,821
Board-designated endowment funds	71,469	-	-	71,469
Total funds	\$ 71,469	\$ 58,664	\$ 4,157	\$ 134,290

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets as of				
June 30, 2016	\$ 66,219	\$ 53,638	\$ 4,157	\$ 124,014
Change in donor intent	(1,483)	1,483	-	-
Net investment income	9,950	7,921	-	17,871
Contributions	2,809	(465)	-	2,344
Appropriation of endowment assets for expenditure	(6,026)	(3,913)	-	(9,939)
Endowment net assets as of				
June 30, 2017	71,469	58,664	4,157	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	\$ 61,892	\$ 4,157	\$ 120,210

**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 4. Endowments (Continued)

A summary of funds in the JCIF is as follows:

	June 30	
	2018	2017
Unrestricted (a)	\$ 30,455	\$ 52,145
Annual Campaign Endowment funds (b)	24,783	23,481
Designated services for constituent agencies and programs (c)	64,974	58,664
Donor Advised Fund (d)	121,046	105,023
	<u>\$ 241,258</u>	<u>\$ 239,313</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 5. Promises to Give

As of June 30, 2018 and 2017, contributors have made written unconditional promises to give totaling \$35,192 and \$31,214, respectively, on which management has established an allowance for uncollectible promises to give of \$1,535 and \$1,778, respectively, and a discount on promises to give of \$1,030 and \$789, respectively. Promises to give are classified in the combined financial statements on a net basis as follows:

	June 30	
	2018	2017
Temporarily restricted:		
Annual campaign	\$ 15,455	\$ 15,814
Capital campaign	9,799	10,491
Centennial campaign	4,502	-
Other campaigns	2,871	2,342
	<u>\$ 32,627</u>	<u>\$ 28,647</u>

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

	Annual and Other Campaigns	Capital Campaign	Centennial Campaign	Total
Years ending June 30:				
Less than one year	\$ 19,347	\$ 1,747	\$ 1,305	\$ 22,399
One to five years	353	4,635	1,880	6,868
Thereafter	-	4,325	1,600	5,925
	<u>\$ 19,700</u>	<u>\$ 10,707</u>	<u>\$ 4,785</u>	<u>\$ 35,192</u>

Note 6. 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, 2018 and 2017, the balance on these notes was \$1,362 and \$1,425, before reserves of \$95 and \$95, 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 7. Property and Equipment

Property and equipment consist of the following:

	June 30	
	2018	2017
Land, buildings and improvements	\$ 91,840	\$ 91,450
Construction in progress	1,196	839
Equipment and furniture	3,082	3,082
	<u>96,118</u>	<u>95,371</u>
Less accumulated depreciation	(42,902)	(39,996)
	<u>\$ 53,216</u>	<u>\$ 55,375</u>

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

Note 8. Loans and Bonds Payable

Loans and bonds payable are as follows:

	June 30	
	2018	2017
Colorado Education and Cultural Facilities Authority Revenue Bonds, interest payable at 67% of the 30-day London Interbank Offered Rate (LIBOR) plus 0.99% (2.39% and 1.81% at June 30, 2018 and 2017, respectively); due 2031	\$ 17,995	\$ 34,829
Less unamortized debt issuance costs	(220)	(394)
Subtotal bonds payable	<u>17,775</u>	<u>34,435</u>
\$10,000 demand loan payable to bank; interest payable monthly at ICE LIBOR Daily Floating Rate, plus 0.77% per annum (2.86% and 1.99% at June 30, 2018 and 2017, respectively); due January 31, 2019	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% (2.64% and 1.78% at June 30, 2018 and 2017, respectively) per annum; due November 27, 2018	6,133	4,402
Subtotal loans payable	<u>16,133</u>	<u>14,402</u>
	<u>\$ 33,908</u>	<u>\$ 48,837</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 8. Loans and Bonds Payable (Continued)

Debt principal maturities relating to the above obligations at June 30, 2018, are due in future years as follows:

Years ending June 30:		
2019	\$	23,273
2020		800
2021		835
2022		870
2023		905
Thereafter		7,445
		<u>34,128</u>
Less unamortized debt issuance costs		(220)
	\$	<u><u>33,908</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 LIBOR plus 99 basis points, until September 2022. At September 2022, the bonds are callable by the bank at its discretion. The bonds are payable in various installments maturing on December 1, 2031, and are subject to certain financial covenants including a deposit relationship of \$4,750 with the bank. The bonds are secured by a negative pledge on revenue, on all assets and a parity agreement for any new assets pledged. 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 \$2,043 and \$2,086 for the years ended June 30, 2018 and 2017, respectively.

Note 9. Temporarily and Permanently Restricted Net Assets

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

	2018	2017
Community support:		
Grants – annual campaign	\$ 30,672	\$ 30,852
Grants – capital campaign	9,799	10,491
Grants – centennial campaign	4,502	-
General	60,974	60,216
Unappropriated endowment earnings	3,980	3,917
	<u>109,927</u>	<u>105,476</u>
Annuity trust agreements	7,061	5,937
	<u><u>\$ 116,988</u></u>	<u><u>\$ 111,413</u></u>

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

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

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

Note 9. Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets of \$4,157 at June 30, 2018 and 2017, are restricted to investments in perpetuity, the income from which is expendable for general community support. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

	2018	2017
Time restrictions expired	\$ 31,010	\$ 30,601
Purpose restrictions satisfied	9,232	13,091
Total restrictions released	\$ 40,242	\$ 43,692

Note 10. Retirement Plan

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

The Associated may also make a discretionary contribution. Pension expense was \$533 and \$401 for the years ended June 30, 2018 and 2017, respectively.

Note 11. Self-Insured Medical Plan

The Associated maintains a self-insured medical plan for the benefit of its employees and those of its constituent agencies. A stop loss policy is in effect, under which The Associated and its constituent agencies' loss per individual employee is limited to \$115 and in aggregate to \$5,000 for the years ended June 30, 2018 and 2017, respectively. The medical plan is administered through a contractual relationship with an unrelated company. The Associated's expense under the self-insured medical plan amounted to \$889 and \$907 for the years ended June 30, 2018 and 2017, respectively.

Note 12. Interest Rate Swap Contracts

At June 30, 2017, 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. At June 30, 2018, The Associated had outstanding two interest rate swap contracts with a commercial bank. In accordance with the interest rate swap contracts, The Associated pays fixed rates of interest at 4.045% and 3.48% and receives variable rates of interest at the floating rate index of 67% of the 30-day USD LIBOR on notional amounts of indebtedness of \$6,795 and \$11,630, respectively. The interest rate swap contracts mature on December 1, 2031, and July 1, 2029, 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 12. Interest Rate Swap Contracts (Continued)

Activity for the years ended June 30, 2018 and 2017, for the interest rate swap agreements was as follows:

	2018	2017
Fair value of interest rate swaps, beginning of the year	\$ (5,893)	\$ (8,566)
Unrealized gain on interest rate swaps	1,656	2,673
Principal payments on interest rate swap contracts	2,211	-
Fair value of interest rate swaps, end of the year	<u>\$ (2,026)</u>	<u>\$ (5,893)</u>

In September 2018, The Associated paid an additional \$919 to retire the second interest rate swap contract.

Note 13. 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 five letters of credit with a bank totaling \$295 relating to construction projects. Four of the letters of credit expire in September 2019 and the fifth letter of credit expires 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, 2018 and 2017, 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 8, 2018

**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 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Assets							
Cash and cash equivalents	\$ (423)	\$ 4,661	\$ -	\$ 51	\$ 2	\$ 4,291	\$ 5,059
Promises to give – annual campaign, net	15,455	-	-	-	-	15,455	15,814
Promises to give – capital campaign, net	-	9,799	-	-	-	9,799	10,491
Promises to give – centennial campaign, net	487	-	-	4,015	-	4,502	-
Promises to give – other campaign, net	2,871	-	-	-	-	2,871	2,342
Notes and other receivables	3,140	75	-	-	-	3,215	2,934
Other assets	1,744	1,801	-	-	-	3,545	3,060
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>	<u>39,700</u>
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	120,210	121,048	241,258	239,313
Other investments	10,611	1,375	-	1,296	27,239	40,521	45,323
Funds held in irrevocable trusts	-	-	11,899	-	-	11,899	10,201
	<u>10,611</u>	<u>1,375</u>	<u>11,899</u>	<u>121,506</u>	<u>148,287</u>	<u>293,678</u>	<u>294,837</u>
Property and equipment, net	-	53,216	-	-	-	53,216	55,375
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>	<u>\$ 389,912</u>
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 2,631	\$ 92	\$ -	\$ -	\$ -	\$ 2,723	\$ 2,730
Accounts payable – agencies	364	-	-	-	-	364	276
Loans payable	14,133	2,000	-	-	-	16,133	14,402
Bonds payable, net	-	17,775	-	-	-	17,775	34,435
Other liabilities	1,797	2,026	4,838	9	25	8,695	12,877
	<u>18,925</u>	<u>21,893</u>	<u>4,838</u>	<u>9</u>	<u>25</u>	<u>45,690</u>	<u>64,720</u>
Net assets	<u>20,529</u>	<u>43,465</u>	<u>7,061</u>	<u>125,563</u>	<u>148,264</u>	<u>344,882</u>	<u>325,192</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>	<u>\$ 389,912</u>

**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, 2017
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	Total
Assets						
Cash and cash equivalents	\$ 746	\$ 4,263	\$ -	\$ 50	\$ -	\$ 5,059
Promises to give – annual campaign, net	15,814	-	-	-	-	15,814
Promises to give – capital campaign, net	-	10,491	-	-	-	10,491
Promises to give – other campaign, net	2,342	-	-	-	-	2,342
Notes and other receivables	2,920	14	-	-	-	2,934
Other assets	1,436	1,624	-	-	-	3,060
Due from (to) other funds	3,616	(3,616)	-	-	-	-
	<u>26,874</u>	<u>12,776</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>39,700</u>
Investments:						
Equity in Jewish Community Investment Fund	-	-	-	134,290	105,023	239,313
Other investments	10,319	3,180	-	1,480	30,344	45,323
Funds held in irrevocable trusts	-	-	10,201	-	-	10,201
	<u>10,319</u>	<u>3,180</u>	<u>10,201</u>	<u>135,770</u>	<u>135,367</u>	<u>294,837</u>
Property and equipment, net	-	55,375	-	-	-	55,375
Total assets	<u>\$ 37,193</u>	<u>\$ 71,331</u>	<u>\$ 10,201</u>	<u>\$ 135,820</u>	<u>\$ 135,367</u>	<u>\$ 389,912</u>
Liabilities and Net Assets						
Liabilities:						
Accounts payable – trade	\$ 2,603	\$ 127	\$ -	\$ -	\$ -	\$ 2,730
Accounts payable – agencies	276	-	-	-	-	276
Loans payable	12,402	2,000	-	-	-	14,402
Bonds payable, net	-	34,435	-	-	-	34,435
Other liabilities	2,685	5,894	4,264	9	25	12,877
	<u>17,966</u>	<u>42,456</u>	<u>4,264</u>	<u>9</u>	<u>25</u>	<u>64,720</u>
Net assets	<u>19,227</u>	<u>28,875</u>	<u>5,937</u>	<u>135,811</u>	<u>135,342</u>	<u>325,192</u>
Total liabilities and net assets	<u>\$ 37,193</u>	<u>\$ 71,331</u>	<u>\$ 10,201</u>	<u>\$ 135,820</u>	<u>\$ 135,367</u>	<u>\$ 389,912</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, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Support and revenue:							
Campaign promises to give	\$ 30,672	\$ -	\$ -	\$ -	\$ -	\$ 30,672	\$ 30,852
Centennial promises to give	687	-	-	4,015	-	4,702	-
Legacies and gifts	23	1,296	1,626	2,652	25,919	31,516	31,632
Special gifts	7,623	-	-	-	-	7,623	9,845
Endowment income	5,291	-	-	-	-	5,291	4,725
Investment income	327	8	-	-	-	335	331
Funds and foundation revenue	3,261	-	-	-	-	3,261	2,903
Agency infrastructure cost share	2,945	-	-	-	-	2,945	2,657
Rent infrastructure income	1,724	71	-	-	-	1,795	1,796
Program and other	1,298	35	-	-	-	1,333	1,508
Total support and revenue	53,851	1,410	1,626	6,667	25,919	89,473	86,249
Expenses:							
Grants and distributions	32,346	272	64	8,583	21,355	62,620	62,330
Salaries and related expenses	12,486	314	-	-	-	12,800	12,319
Building operations	2,709	137	-	-	-	2,846	2,715
Administrative	1,333	30	-	158	-	1,521	1,663
Fundraising	2,239	-	-	-	-	2,239	1,871
Advertising and marketing	481	-	-	-	-	481	472
Investment fees	-	-	-	984	867	1,851	1,780
Depreciation	-	2,906	-	-	-	2,906	2,930
Bad debt	662	-	-	-	-	662	612
Operating interest expense	255	63	-	-	-	318	206
Total expenses	52,511	3,722	64	9,725	22,222	88,244	86,898
Change in net assets from operations	1,340	(2,312)	1,562	(3,058)	3,697	1,229	(649)
Non-operating income (expense):							
Net appreciation							
in fair value of investments	183	32	(438)	10,059	7,010	16,846	30,916
Investment income	-	-	-	1,552	1,836	3,388	459
Gain on interest rate swap contracts	-	1,656	-	-	-	1,656	2,673
Interest expense	-	(1,724)	-	-	-	(1,724)	(1,881)
Other non-operating expense	(196)	(1,467)	-	-	(13)	(1,676)	(377)
Transfers	(25)	18,405	-	(18,801)	392	(29)	(31)
Total non-operating income (expense), net	(38)	16,902	(438)	(7,190)	9,225	18,461	31,759
Change in net assets	1,302	14,590	1,124	(10,248)	12,922	19,690	31,110
Net assets, beginning of year	19,227	28,875	5,937	135,811	135,342	325,192	294,082
Net assets, end of year	\$ 20,529	\$ 43,465	\$ 7,061	\$ 125,563	\$ 148,264	\$ 344,882	\$ 325,192

**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, 2017
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	Total
Support and revenue:						
Campaign promises to give	\$ 30,852	\$ -	\$ -	\$ -	\$ -	\$ 30,852
Legacies and gifts	34	400	456	3,018	27,724	31,632
Special gifts	6,446	3,399	-	-	-	9,845
Endowment income	4,725	-	-	-	-	4,725
Investment income	296	35	-	-	-	331
Funds and foundation revenue	2,903	-	-	-	-	2,903
Agency infrastructure cost share	2,657	-	-	-	-	2,657
Rent infrastructure income	1,670	126	-	-	-	1,796
Program and other	1,424	84	-	-	-	1,508
Total support and revenue	51,007	4,044	456	3,018	27,724	86,249
Expenses:						
Grants and distributions	30,990	785	64	10,310	20,181	62,330
Salaries and related expenses	12,250	69	-	-	-	12,319
Building operations	2,622	93	-	-	-	2,715
Administrative	1,549	16	-	57	41	1,663
Fundraising	1,871	-	-	-	-	1,871
Advertising and marketing	472	-	-	-	-	472
Investment fees	-	-	-	1,010	770	1,780
Depreciation	-	2,930	-	-	-	2,930
Bad debt	612	-	-	-	-	612
Operating interest expense	176	30	-	-	-	206
Total expenses	50,542	3,923	64	11,377	20,992	86,898
Change in net assets from operations	465	121	392	(8,359)	6,732	(649)
Non-operating income (expense):						
Net appreciation						
in fair value of investments	718	83	(657)	18,349	12,423	30,916
Investment income	-	-	-	54	405	459
Gain on interest rate swap contracts	-	2,673	-	-	-	2,673
Interest expense	-	(1,881)	-	-	-	(1,881)
Other non-operating expense	(20)	(357)	-	-	-	(377)
Transfers	-	(686)	-	38	617	(31)
Total non-operating income (expense), net	698	(168)	(657)	18,441	13,445	31,759
Change in net assets	1,163	(47)	(265)	10,082	20,177	31,110
Net assets, beginning of year	18,064	28,922	6,202	125,729	115,165	294,082
Net assets, end of year	\$ 19,227	\$ 28,875	\$ 5,937	\$ 135,811	\$ 135,342	\$ 325,192

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

**Combining Statement of Financial Position – Unrestricted (by Internal Fund)
June 30, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Assets							
Cash and cash equivalents	\$ (266)	\$ 11	\$ -	\$ 1,550	\$ 2	\$ 1,297	\$ 2,375
Notes and other receivables	3,140	75	-	-	-	3,215	2,889
Other assets	829	177	-	-	-	1,006	521
Due from (to) other funds	2,096	(2,490)	-	-	-	(394)	279
	<u>5,799</u>	<u>(2,227)</u>	<u>-</u>	<u>1,550</u>	<u>2</u>	<u>5,124</u>	<u>6,064</u>
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	54,161	119,214	173,375	176,492
Other investments	10,611	144	-	699	21,411	32,865	32,093
	<u>10,611</u>	<u>144</u>	<u>-</u>	<u>54,860</u>	<u>140,625</u>	<u>206,240</u>	<u>208,585</u>
Property and equipment, net	-	53,216	-	-	-	53,216	55,375
Total assets	<u>\$ 16,410</u>	<u>\$ 51,133</u>	<u>\$ -</u>	<u>\$ 56,410</u>	<u>\$ 140,627</u>	<u>\$ 264,580</u>	<u>\$ 270,024</u>
Liabilities and Net Assets							
Liabilities:							
Accounts payable – trade	\$ 2,631	\$ 92	\$ -	\$ -	\$ -	\$ 2,723	\$ 2,705
Accounts payable – agencies	364	-	-	-	-	364	276
Loans payable	14,133	2,000	-	-	-	16,133	14,402
Bonds payable, net	-	17,775	-	-	-	17,775	34,435
Other liabilities	1,797	2,026	-	-	25	3,848	8,584
	<u>18,925</u>	<u>21,893</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>40,843</u>	<u>60,402</u>
Net assets (deficit)	<u>(2,515)</u>	<u>29,240</u>	<u>-</u>	<u>56,410</u>	<u>140,602</u>	<u>223,737</u>	<u>209,622</u>
Total liabilities and net assets	<u>\$ 16,410</u>	<u>\$ 51,133</u>	<u>\$ -</u>	<u>\$ 56,410</u>	<u>\$ 140,627</u>	<u>\$ 264,580</u>	<u>\$ 270,024</u>

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

**Combining Statement of Financial Position – Temporarily Restricted (by Internal Fund)
June 30, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Assets							
Cash and cash equivalents	\$ (157)	\$ 4,650	\$ -	\$ (1,499)	\$ -	\$ 2,994	\$ 2,684
Promises to give – annual campaign, net	15,455	-	-	-	-	15,455	15,814
Promises to give – capital campaign, net	-	9,799	-	-	-	9,799	10,491
Promises to give – centennial campaign, net	487	-	-	4,015	-	4,502	-
Promises to give – other campaigns, net	2,871	-	-	-	-	2,871	2,342
Notes and other receivables	-	-	-	-	-	-	45
Other assets	915	1,624	-	-	-	2,539	2,539
Due from (to) other funds	3,473	(3,079)	-	-	-	394	(279)
	<u>23,044</u>	<u>12,994</u>	<u>-</u>	<u>2,516</u>	<u>-</u>	<u>38,554</u>	<u>33,636</u>
Investments:							
Equity in Jewish Community Investment Fund	-	-	-	61,892	1,834	63,726	58,664
Other investments	-	1,231	-	597	5,828	7,656	13,230
Funds held in irrevocable trusts	-	-	11,899	-	-	11,899	10,201
	<u>-</u>	<u>1,231</u>	<u>11,899</u>	<u>62,489</u>	<u>7,662</u>	<u>83,281</u>	<u>82,095</u>
Property and equipment, net	-	-	-	-	-	-	-
Total assets	<u>\$ 23,044</u>	<u>\$ 14,225</u>	<u>\$ 11,899</u>	<u>\$ 65,005</u>	<u>\$ 7,662</u>	<u>\$ 121,835</u>	<u>\$ 115,731</u>
Liabilities and Net Assets							
Liabilities:							
Accounts payable, trade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
Other liabilities	-	-	4,838	9	-	4,847	4,293
	<u>-</u>	<u>-</u>	<u>4,838</u>	<u>9</u>	<u>-</u>	<u>4,847</u>	<u>4,318</u>
Net assets	<u>23,044</u>	<u>14,225</u>	<u>7,061</u>	<u>64,996</u>	<u>7,662</u>	<u>116,988</u>	<u>111,413</u>
Total liabilities and net assets	<u>\$ 23,044</u>	<u>\$ 14,225</u>	<u>\$ 11,899</u>	<u>\$ 65,005</u>	<u>\$ 7,662</u>	<u>\$ 121,835</u>	<u>\$ 115,731</u>

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

**Combining Statement of Activities – Unrestricted (by Internal Fund)
June 30, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Support and revenue:							
Legacies and gifts	\$ 23	\$ 254	\$ -	\$ 1,578	\$ 25,919	\$ 27,774	\$ 26,296
Special gifts	2,200	-	-	-	-	2,200	3,696
Endowment income	5,291	-	-	-	-	5,291	4,725
Investment income	327	7	-	-	-	334	296
Funds and foundation revenue	3,261	-	-	-	-	3,261	2,903
Agency infrastructure cost share	2,945	-	-	-	-	2,945	2,657
Rent infrastructure income	1,724	71	-	-	-	1,795	1,796
Program and other	1,296	34	-	-	-	1,330	1,509
Net assets released from restrictions	35,479	48	64	4,651	-	40,242	43,327
Total support and revenue	52,546	414	64	6,229	25,919	85,172	87,205
Expenses:							
Grants and distributions	32,346	272	64	8,583	21,355	62,620	62,330
Salaries and related expenses	12,486	314	-	-	-	12,800	12,319
Building operations	2,709	137	-	-	-	2,846	2,715
Administrative	1,333	30	-	158	-	1,521	1,663
Fundraising	2,239	-	-	-	-	2,239	1,871
Advertising and marketing	481	-	-	-	-	481	472
Investment fees	-	-	-	984	867	1,851	1,780
Depreciation	-	2,906	-	-	-	2,906	2,930
Bad debt	662	-	-	-	-	662	612
Operating interest expense	255	63	-	-	-	318	206
Total expenses	52,511	3,722	64	9,725	22,222	88,244	86,898
Change in net assets from operations	35	(3,308)	-	(3,496)	3,697	(3,072)	307
Non-operating income (expense):							
Net appreciation in fair value of investments	183	74	-	5,483	8,416	14,156	27,935
Investment income	-	-	-	808	1,836	2,644	446
Gain on interest rate swap contracts	-	1,656	-	-	-	1,656	2,673
Interest expense	-	(1,724)	-	-	-	(1,724)	(1,881)
Other non-operating expense	(196)	(1,467)	-	-	(13)	(1,676)	(377)
Net assets released from restrictions	718	-	-	1,033	-	1,751	365
Transfers	(25)	18,757	-	(18,744)	392	380	90
Total non-operating income (expense), net	680	17,296	-	(11,420)	10,631	17,187	29,251
Change in net assets	715	13,988	-	(14,916)	14,328	14,115	29,558
Net assets, beginning of year	(3,230)	15,252	-	71,326	126,274	209,622	180,064
Net assets, end of year	\$ (2,515)	\$ 29,240	\$ -	\$ 56,410	\$ 140,602	\$ 223,737	\$ 209,622

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

**Combining Statement of Activities – Temporarily Restricted (by Internal Fund)
June 30, 2018 (With Comparative Totals for 2017)
(In Thousands)**

	Operating	Capital	Trusts	Endowment	DAF	2018 Total	2017 Total
Support and revenue:							
Campaign promises to give	\$ 30,672	\$ -	\$ -	\$ -	\$ -	\$ 30,672	\$ 30,852
Centennial promises to give	687	-	-	4,015	-	4,702	-
Legacies and gifts	-	1,042	1,626	1,074	-	3,742	5,336
Special gifts	5,423	-	-	-	-	5,423	6,149
Investment income	-	1	-	-	-	1	35
Program and other	2	1	-	-	-	3	(1)
Net assets released from restrictions	(35,479)	(48)	(64)	(4,651)	-	(40,242)	(43,327)
Total support and revenue	1,305	996	1,562	438	-	4,301	(956)
Change in net assets from operations	1,305	996	1,562	438	-	4,301	(956)
Non-operating income (expense):							
Net appreciation in							
fair value of investments	-	(42)	(438)	4,576	(1,406)	2,690	2,981
Investment income	-	-	-	744	-	744	13
Net assets released from restrictions	(718)	-	-	(1,033)	-	(1,751)	(365)
Transfers	-	(352)	-	(57)	-	(409)	(121)
Total non-operating income (expense), net	(718)	(394)	(438)	4,230	(1,406)	1,274	2,508
Change in net assets	587	602	1,124	4,668	(1,406)	5,575	1,552
Net assets, beginning of year	22,457	13,623	5,937	60,328	9,068	111,413	109,861
Net assets, end of year	\$ 23,044	\$ 14,225	\$ 7,061	\$ 64,996	\$ 7,662	\$ 116,988	\$ 111,413