

JEWISH FEDERATION OF GREATER ST. PAUL
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2016 AND 2015

**JEWISH FEDERATION OF GREATER ST. PAUL
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YEARS ENDED APRIL 30, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Federation of Greater St. Paul
Minneapolis, Minnesota

We have audited the accompanying financial statements of Jewish Federation of Greater St. Paul, which comprise the statements of financial position as of April 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditors' 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 auditors' 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.

Board of Directors
Jewish Federation of Greater St. Paul

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Greater St. Paul as of April 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted a recently issued accounting standard to the disclosures for investments in certain entities that calculate net asset value per share. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 7, 2016

JEWISH FEDERATION OF GREATER ST. PAUL
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 93,995	\$ 348,206
Pledges Receivable, Less Allowance for Doubtful Accounts	1,017,964	1,151,608
Prepaid Expenses and Other Current Assets	2,836	2,836
Beneficial Interest in Trust	55,638	54,049
Total Current Assets	1,170,433	1,556,699
INVESTMENTS		
Assets Held in Charitable Remainder Trusts	1,870,643	1,935,774
Other Investments	11,854,460	11,111,990
Total Investments	13,725,103	13,047,764
PROPERTY AND EQUIPMENT, AT COST		
Furniture and Equipment	91,443	91,443
Leasehold Improvements	57,489	57,489
Total Property and Equipment, at Cost	148,932	148,932
Less: Accumulated Depreciation and Amortization	145,239	137,108
Net Property and Equipment	3,693	11,824
Total Assets	\$ 14,899,229	\$ 14,616,287
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Beneficiary and Grants Payable	\$ 2,667,329	\$ 2,516,205
Passport to Israel	198,100	207,680
Other Current Liabilities	76,631	34,933
Total Current Liabilities	2,942,060	2,758,818
LONG-TERM LIABILITIES		
Charitable Remainder Trust Liability	873,660	939,525
Total Long-Term Liabilities	873,660	939,525
Total Liabilities	3,815,720	3,698,343
NET ASSETS		
Unrestricted	4,512,032	5,613,563
Temporarily Restricted	1,276,513	2,093,962
Permanently Restricted	5,294,964	3,210,419
Total Net Assets	11,083,509	10,917,944
Total Liabilities and Net Assets	\$ 14,899,229	\$ 14,616,287

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF GREATER ST. PAUL
STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30, 2016 AND 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Contributions	\$ 1,846,911	\$ 477,545	\$ 2,084,545	\$ 4,409,001	\$ 2,874,567	\$ 800,761	\$ 19,714	\$ 3,695,042
Investment Income (Loss)	(164,141)	(226,792)	-	(390,933)	407,482	130,358	-	537,840
Change in Value of CRT	-	(130,996)	-	(130,996)	-	41,957	-	41,957
	<u>1,682,770</u>	<u>119,757</u>	<u>2,084,545</u>	<u>3,887,072</u>	<u>3,282,049</u>	<u>973,076</u>	<u>19,714</u>	<u>4,274,839</u>
Net Assets Released from Restrictions	937,206	(937,206)	-	-	903,661	(903,661)	-	-
	<u>2,619,976</u>	<u>(817,449)</u>	<u>2,084,545</u>	<u>3,887,072</u>	<u>4,185,710</u>	<u>69,415</u>	<u>19,714</u>	<u>4,274,839</u>
EXPENSES								
Program Services:								
Community Services	2,806,123	-	-	2,806,123	2,642,195	-	-	2,642,195
Leadership Development	161,282	-	-	161,282	133,075	-	-	133,075
Total Program Services	<u>2,967,405</u>	<u>-</u>	<u>-</u>	<u>2,967,405</u>	<u>2,775,270</u>	<u>-</u>	<u>-</u>	<u>2,775,270</u>
Support Services:								
Management and General	404,556	-	-	404,556	481,041	-	-	481,041
Campaign and Fundraising	349,546	-	-	349,546	273,225	-	-	273,225
Total Support Services	<u>754,102</u>	<u>-</u>	<u>-</u>	<u>754,102</u>	<u>754,266</u>	<u>-</u>	<u>-</u>	<u>754,266</u>
Total Expenses	<u>3,721,507</u>	<u>-</u>	<u>-</u>	<u>3,721,507</u>	<u>3,529,536</u>	<u>-</u>	<u>-</u>	<u>3,529,536</u>
CHANGE IN NET ASSETS	(1,101,531)	(817,449)	2,084,545	165,565	656,174	69,415	19,714	745,303
Net Assets - Beginning of Year	<u>5,613,563</u>	<u>2,093,962</u>	<u>3,210,419</u>	<u>10,917,944</u>	<u>4,957,389</u>	<u>2,024,547</u>	<u>3,190,705</u>	<u>10,172,641</u>
NET ASSETS - END OF YEAR	<u>\$ 4,512,032</u>	<u>\$ 1,276,513</u>	<u>\$ 5,294,964</u>	<u>\$ 11,083,509</u>	<u>\$ 5,613,563</u>	<u>\$ 2,093,962</u>	<u>\$ 3,210,419</u>	<u>\$ 10,917,944</u>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF GREATER ST. PAUL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2016**

	Program Services			Support Services			Total
	Community Services	Leadership Development	Total Program Services	Management and General	Campaign and Fundraising	Total Support Services	
Allocation to Beneficiaries:							
Local	\$ 1,547,698	\$ 74,500	\$ 1,622,198	\$ -	\$ -	\$ -	\$ 1,622,198
Regional	43,220	-	43,220	-	-	-	43,220
National	695,446	-	695,446	-	-	-	695,446
Total Allocation to Beneficiaries	<u>2,286,364</u>	<u>74,500</u>	<u>2,360,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,360,864</u>
Other Functional Expenses:							
Salaries and Benefits	222,138	76,752	298,890	244,653	208,939	453,592	752,482
Professional Fees	9,518	-	9,518	4,577	4,209	8,786	18,304
Campaign	-	-	-	-	55,624	55,624	55,624
Computer Operations	5,791	-	5,791	2,833	2,575	5,408	11,199
General	-	-	-	5,055	-	5,055	5,055
Insurance	-	-	-	6,314	-	6,314	6,314
Interest	-	-	-	1,634	-	1,634	1,634
Marketing	-	-	-	4,635	1,385	6,020	6,020
Printing	11,000	-	11,000	32	-	32	11,032
Provision for Uncollectible Pledges - Net	-	-	-	-	64,510	64,510	64,510
Rent - Facilities	7,000	6,500	13,500	43,918	7,418	51,336	64,836
Scholarships	244,881	-	244,881	-	-	-	244,881
Brokerage and Bank Fees	-	-	-	73,518	-	73,518	73,518
Events and Meetings	5,180	3,530	8,710	3,945	-	3,945	12,655
Supplies and Postage	10,459	-	10,459	3,761	3,461	7,222	17,681
Telephone	3,792	-	3,792	1,550	1,425	2,975	6,767
Total Other Functional Expenses	<u>519,759</u>	<u>86,782</u>	<u>606,541</u>	<u>396,425</u>	<u>349,546</u>	<u>745,971</u>	<u>1,352,512</u>
Depreciation and Amortization	-	-	-	8,131	-	8,131	8,131
Total Expenses	<u>\$ 2,806,123</u>	<u>\$ 161,282</u>	<u>\$ 2,967,405</u>	<u>\$ 404,556</u>	<u>\$ 349,546</u>	<u>\$ 754,102</u>	<u>\$ 3,721,507</u>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF GREATER ST. PAUL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2015**

	Program Services			Support Services			Total
	Community Services	Leadership Development	Total Program Services	Management and General	Campaign and Fundraising	Total Support Services	
Allocation to Beneficiaries:							
Local	\$ 1,519,881	\$ 52,775	\$ 1,572,656	\$ -	\$ -	\$ -	\$ 1,572,656
Regional	42,530	-	42,530	-	-	-	42,530
National	668,654	-	668,654	-	-	-	668,654
Total Allocation to Beneficiaries	<u>2,231,065</u>	<u>52,775</u>	<u>2,283,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,283,840</u>
Other Functional Expenses:							
Salaries and Benefits	208,277	73,800	282,077	237,187	194,152	431,339	713,416
Professional Fees	-	-	-	18,705	-	18,705	18,705
Campaign	-	-	-	-	56,531	56,531	56,531
Computer Operations	5,845	-	5,845	5,617	-	5,617	11,462
General	-	-	-	6,898	-	6,898	6,898
Insurance	-	-	-	7,271	-	7,271	7,271
Interest	-	-	-	4,598	-	4,598	4,598
Marketing	-	-	-	3,863	1,048	4,911	4,911
Printing	7,563	-	7,563	1,412	1,170	2,582	10,145
Provision for Uncollectible Pledges - Net	-	-	-	76,118	-	76,118	76,118
Rent - Facilities	7,000	6,500	13,500	36,500	14,230	50,730	64,230
Scholarships	170,822	-	170,822	-	-	-	170,822
Brokerage and Bank Fees	-	-	-	61,629	-	61,629	61,629
Events and Meetings	4,972	-	-	6,027	-	-	-
Supplies and Postage	3,988	-	3,988	3,854	4,893	8,747	12,735
Telephone	2,663	-	2,663	1,358	1,201	2,559	5,222
Total Other Functional Expenses	<u>411,130</u>	<u>80,300</u>	<u>491,430</u>	<u>471,037</u>	<u>273,225</u>	<u>744,262</u>	<u>1,235,692</u>
Depreciation and Amortization	-	-	-	10,004	-	10,004	10,004
Total Expenses	<u>\$ 2,642,195</u>	<u>\$ 133,075</u>	<u>\$ 2,775,270</u>	<u>\$ 481,041</u>	<u>\$ 273,225</u>	<u>\$ 754,266</u>	<u>\$ 3,529,536</u>

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF GREATER ST. PAUL
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 165,565	\$ 745,303
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	8,131	10,004
Realized and Unrealized Investment (Gains)/Losses	533,428	(405,989)
Decrease in Value of Charitable Remainder Trust	(734)	(70,564)
Permanently Restricted Contributions	(1,934,545)	(19,714)
Net Change in:		
Pledges Receivable	133,644	159,706
Beneficial Interest in Trust	(1,589)	
Prepaid Expenses and Other Current Assets	-	6,274
Accounts Payable	-	(11,725)
Beneficiary and Grants Payable	151,124	122,318
Passport to Israel	(9,580)	(23,793)
Other Current Liabilities	41,698	2,546
Net Cash Provided (Used) by Operating Activities	(912,858)	514,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments, Including Reinvested Income	(2,906,438)	(2,005,566)
Proceeds from the Sale/Maturity of Investments	1,630,540	1,585,630
Net Cash Used by Investing Activities	(1,275,898)	(419,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	-	(198,276)
Permanently Restricted Contributions	1,934,545	19,714
Net Cash Provided (Used) by Financing Activities	1,934,545	(178,562)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(254,211)	(84,132)
Cash and Cash Equivalents - Beginning of Year	348,206	432,338
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 93,995	\$ 348,206
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	\$ 1,096	\$ 3,314

See accompanying Notes to Financial Statements.

**JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Jewish Federation of Greater St. Paul (the Organization) is a nonprofit corporation organized under the laws of the State of Minnesota. The Organization's primary purpose is to solicit and collect contributions from the Jewish Community in the St. Paul area and then distribute those funds to various Jewish organizations. Through scholarships and grants, the Organization distributes the majority of the contributions to beneficiaries which are direct providers of various social, charitable and educational programs to the Jewish Community locally, nationally and internationally. In addition, the Organization provides educational and social activities to; promote, encourage and strengthen the Jewish Community.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Presentation

The Organization follows Accounting for Contributions Received and Contributions Made, Financial Statements for Not-for-Profit Organizations, and Accounting for Certain Investments.

Net assets and revenues, and gains and losses are classified based on donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. The Organization has elected to present all temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net assets class.

Permanently Restricted – Resources subject to a donor imposed restriction that the resources are to be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation of related investments for unrestricted or temporarily restricted purposes.

Cash and Cash Equivalents and Investments

The Organization considers bank certificates of deposit, money market funds and other highly liquid investments with original maturities of three months or less to be cash equivalents. Certificates of deposits and money market funds are carried at deposit value. From time to time, the Organization may have deposits at one commercial bank in excess of the limits guaranteed by the Federal Deposit Insurance Corporation (FDIC).

**JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents and Investments (Continued)

Investments in equity securities that have a readily determinable fair value and all investments in debt securities are recorded at fair value. The carrying value for certain equity investments without quoted market prices are carried at cost, which is considered the estimated fair value upon the date of donation or the date of purchase. Investments include interests in various non-publicly traded investment funds which are valued by management of the individual funds based on the fair value of the underlying investments in the funds. Life insurance policies are carried at net cash surrender value. The net changes in fair value of investments held and the realized gains and losses on investments sold are reflected in the statement of activities as a component of investment income. Realized and unrealized gains and losses are included in the accompanying statements of activities.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of the investments will occur in the near term and such changes could materially affect the amounts reported.

Pledges Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges deemed uncollectible by management are included in management's estimate of allowance for doubtful accounts. Conditional pledges are not included as support until such time as the conditions are substantially met.

Beneficial Interest in Trust

A donor has established a trust with a local bank naming the Organization as a beneficiary of an irrevocable charitable remainder trust. Under terms of the split-interest agreement, at the time of the donor's death, the trust is to terminate and remaining trust assets are to be distributed to the Organization and other beneficiaries. The Organization has a receivable calculated as the fair market value of the Organization's percentage of assets to be received and a temporarily restricted contribution.

Depreciation and Amortization

Property and equipment is carried at cost, if purchased, or for donated items, at fair value at the time of donation. The Organization uses a capitalization threshold of \$1,000 for recorded property and equipment.

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciation and amortizable furniture, equipment, leasehold improvements and financing fees to operations over their estimated service lives, using the straight-line method.

**JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Depreciation and Amortization (Continued)

The estimated lives used are as follows:

	<u>Years</u>
Furniture and Equipment	3 – 10
Leasehold Improvements	5 – 10

Beneficiary and Grants Payable

Beneficiary and grants payable that are expected to be fulfilled within one year are recorded at their net realizable value. Those that are expected to be fulfilled in future years are recorded at the present value of the amounts expected to be paid using an imputed interest rate. Amortization of the discount is included in program service expenses.

Passport to Israel

The Passport to Israel program provides money for youth and young adults to travel to Israel. The program is funded by the participant's parents, participant's synagogue, and a partial match from the Organization. If the program's funds are not used, they must be returned to the donors.

Charitable Remainder Trust

The Organization administers and is a beneficiary of a charitable remainder trust (CRT). The CRT is valued at fair market value of the trust assets with a corresponding liability recorded for their present value of the expected payments due to the donor, with the difference recorded as a contribution. The amount of the trust liability calculated at April 30, 2016 and 2015 was based on an assumed discount rate of 3.4%.

Donated Goods and Services

Donated goods are valued at their fair market value. Donated services have not been recognized in these financial statements because no specialized skills have been provided; however, a substantial number of volunteers have donated significant amounts of time to the Organization's program services and fundraising activities.

Functional Expenses

Expenses by function have been charged to programs and supporting services classifications on the basis of estimates made by the Organization's management and board of directors.

Advertising

Advertising costs are expensed as incurred.

JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable Minnesota Statute. The Organization is a public charity and contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The Organization's tax returns are subject to review and examination by federal, state and local authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Accounting standards require disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which an estimated value is practicable. Certain financial instruments and all nonfinancial instruments are excluded from the standard's disclosure requirements.

The Organization follows accounting standards that define fair value, establish a framework for measuring fair value in accordance with existing GAAP, and expand disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes inputs according to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level inputs are defined as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

**JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07). The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Organization has elected to adopt this standard for the year under audit, prior to its effective date.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through October 7, 2016, the date the financial statements were available to be issued.

NOTE 2 RECEIVABLES

Pledges Receivable

Included in the pledges receivable at April 30 are the following:

	<u>2016</u>	<u>2015</u>
Annual Campaign Pledges	\$ 1,162,374	\$ 1,296,018
Less: Allowance for Doubtful Accounts	144,410	144,410
Total	<u>\$ 1,017,964</u>	<u>\$ 1,151,608</u>

All amounts are expected to be collected within the next fiscal year.

As of April 30, 2016 and 2015, balances due from one charitable foundation represented 22% and 26%, respectively of pledges receivable.

JEWISH FEDERATION OF GREATER ST. PAUL
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016 AND 2015

NOTE 3 INVESTMENTS

Investments consisted of the following at April 30, 2016:

	Other Investments	CRT Investments	Total
Money Markets	\$ 780,364	\$ 12,139	\$ 792,503
Equity Securities and Funds	4,891,937	587,557	5,479,494
Fixed Income Securities and Funds	1,536,899	1,270,947	2,807,846
Marketable Alternative Fund	2,694,431	-	2,694,431
Special Opportunities Fund	1,029,780	-	1,029,780
Israel Bonds	14,500	-	14,500
Other Investments:			
Stock in Private Company	100,000	-	100,000
Cash Value of Life Insurance	806,549	-	806,549
Total	<u>\$ 11,854,460</u>	<u>\$ 1,870,643</u>	<u>\$ 13,725,103</u>

Investments consisted of the following at April 30, 2015:

	Other Investments	2015 CRT Investments	Total
Money Markets	\$ 418,917	\$ 13,784	\$ 432,701
Equity Securities and Funds	4,908,902	593,486	5,502,388
Fixed Income Securities and Funds	1,554,548	1,328,504	2,883,052
Marketable Alternative Fund	2,414,766	-	2,414,766
Special Opportunities Fund	919,830	-	919,830
Israel Bonds	15,146	-	15,146
Other Investments:			
Stock in Private Company	100,000	-	100,000
Cash Value of Life Insurance	779,881	-	779,881
Total	<u>\$ 11,111,990</u>	<u>\$ 1,935,774</u>	<u>\$ 13,047,764</u>

A recap of investment income for the years ended April 30 is as follows:

	2016	2015
Interest and Dividends	\$ 202,040	\$ 206,968
Realized and Unrealized Investment Gain/(Loss)	(533,428)	405,989
Investment Fees	(59,545)	(75,117)
Net Investment Income/(Loss)	<u>\$ (390,933)</u>	<u>\$ 537,840</u>

JEWISH FEDERATION OF GREATER ST. PAUL
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NOTE 3 INVESTMENTS (CONTINUED)

Following is a recap of the change in Charitable Remainder Trust (CRT) activity for the years ended April 30:

	2016	2015
Investment Earnings on CRT	\$ 47,108	\$ 178,375
Distributions to Third Party Beneficiaries	(112,239)	(128,083)
Increase in CRT Liability	(65,865)	(8,335)
Net Change in Value of CRT	<u>\$ (130,996)</u>	<u>\$ 41,957</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Federation measures fair value, refer to Note 1 – Organization and Summary of Significant Accounting Policies. The organization has early adopted ASU 2015-07 and as such investments that had fair value determined through net asset value have been removed from the tables below.

The following tables present the Organization's fair value hierarchy investment balances measured at fair value on a recurring basis as of April 30:

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities and Funds	\$ 1,598,085	\$ -	\$ -	\$ 1,598,085
Fixed Income Securities and Funds	652,889	-	-	652,889
Marketable Alternative Funds	161,902	-	-	161,902
Israel Bonds	-	-	14,500	14,500
Beneficial Interest in Trust	-	-	55,638	55,638
Sub Total	<u>2,412,876</u>	<u>-</u>	<u>70,138</u>	<u>2,483,014</u>
Funds Valued at Net Asset Value				9,598,675
Total	<u>\$ 2,412,876</u>	<u>\$ -</u>	<u>\$ 70,138</u>	<u>\$ 12,081,689</u>
	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities and Funds	\$ 1,707,448	\$ -	\$ -	\$ 1,707,448
Fixed Income Securities and Funds	1,985,231	-	-	1,985,231
Marketable Alternative Fund	172,973	-	-	172,973
Israel Bonds	-	-	15,146	15,146
Beneficial Interest in Trust	-	-	54,049	54,049
Total	<u>3,865,652</u>	<u>-</u>	<u>69,195</u>	<u>3,934,847</u>
Funds Valued at Net Asset Value				7,854,384
Total	<u>\$ 3,865,652</u>	<u>\$ -</u>	<u>\$ 69,195</u>	<u>\$ 11,789,231</u>

**JEWISH FEDERATION OF GREATER ST. PAUL
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets by fair value category for the years ended April 30:

	<u>Israel Bonds</u>	<u>Beneficial Interest in Trust</u>	<u>Total</u>
Balance at April 30, 2014	\$ 30,646	\$ 54,049	\$ 84,695
Redemption of Investment	<u>(15,500)</u>	<u>-</u>	<u>(15,500)</u>
Balance as of April 30, 2015	15,146	54,049	69,195
Investment Gains/(Losses)	<u>(646)</u>	<u>1,589</u>	<u>943</u>
Transfer from Level 3	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of April 30, 2016	<u>\$ 14,500</u>	<u>\$ 55,638</u>	<u>\$ 70,138</u>

NOTE 5 BENEFICIARIES AND GRANTS PAYABLE

As of April 30, 2016 and 2015, the Organization obligations of \$2,667,329 and \$2,516,205, respectively, to beneficiary organizations and for grants related to the fulfillment of the Organization's various collection campaigns and board approved allocations. All amounts are classified as current because they are either scheduled to be paid, or are likely to be paid, within one year.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Organization had leased its facility under an operating lease which expired April 30, 2016. In addition to base rent, the Organization was responsible for facility operating costs in excess of approximately \$17,200 on an annual basis.

Total rental expense for 2016 was \$64,836; \$14,836 cash paid for office lease and \$50,000 in-kind rent. Total rental expense for 2015 was \$64,230; \$14,230 cash paid for office lease and \$50,000 in-kind rent. The organization is now on a month to month lease agreement with the landlord.

The Organization has an employment agreement with its executive director which provides for severance of one year salary and benefits if terminated for something other than "for cause."

**JEWISH FEDERATION OF GREATER ST. PAUL
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NOTE 7 RESTRICTED NET ASSETS

Temporarily Restricted

Net assets temporarily restricted by donors consist of the following at April 30:

	2016	2015
Purpose Restricted	\$ 102,092	\$ 617,467
Time Restricted - Net Pledge Receivable	337,775	508,853
Time Restricted - CRT Assets Net of Related Liability	836,646	967,642
Total	<u>\$ 1,276,513</u>	<u>\$ 2,093,962</u>

Permanently Restricted

Permanently restricted net assets consist of the following at April 30:

	2016	2015
Specific Purpose	\$ 2,957,132	\$ 1,457,131
Annual Campaign	2,337,832	1,753,288
Total	<u>\$ 5,294,964</u>	<u>\$ 3,210,419</u>

Net Assets Released from Restrictions or Designations

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended April 30:

	2016	2015
Time Restriction Elapsed or Program Satisfaction	<u>\$ 937,206</u>	<u>\$ 903,661</u>

NOTE 8 ENDOWMENT

The Organization's endowment consists of multiple individual funds established for a variety of purposes. The Organization's endowment consists of permanent endowments established by donors.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Minnesota 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 fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the historic dollar value of the original gift.

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NOTE 8 ENDOWMENT (CONTINUED)

Endowment Fund Activity and Balances

The following is a summary of donor established endowment fund activity for the years ended April 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Investments May 1, 2014	\$ (153,838)	\$ 498,841	\$ 3,190,705	\$ 3,535,708
Investment Income	126,542	30,902	-	157,444
Contributions	-	-	19,714	19,714
Appropriations of Endowment				
Assets for Expenditure	<u>(146,285)</u>	<u>(60,247)</u>	<u>-</u>	<u>(206,532)</u>
Endowment Investments April 30, 2015	(173,581)	469,496	3,210,419	3,506,334
Investment Losses	(28,653)	(167,647)	-	(196,300)
Contributions	-	-	2,084,545	2,084,545
Appropriations of Endowment				
Assets for Expenditure	<u>(70,111)</u>	<u>(115,146)</u>	<u>-</u>	<u>(185,257)</u>
Endowment Investments April 30, 2016	<u>\$ (272,345)</u>	<u>\$ 186,703</u>	<u>\$ 5,294,964</u>	<u>\$ 5,209,322</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$272,345 and \$173,581 as of April 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the board of directors.

Return Objectives and Risk Parameters

The primary investment objective of the portfolio is an emphasis on capital appreciation with modest current income. The portfolio seeks to maximize potential total return consistent with minimizing overall volatility in the context of these guidelines. The total rate of return for individual investment styles will be compared to their appropriate index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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NOTE 8 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board of directors approved appropriations of \$185,257 and \$206,532 during 2016 and 2015, respectively, of the endowment fund balance as of the end of the prior year. The amount is determined based on the overall needs of the Organization balanced with the long-term investment return objectives for a fund to be held in perpetuity.

NOTE 9 EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution 403(b) annuity plan covering substantially all employees who are 21 years of age or older and have completed 1 year of service. Employees may elect to defer up to 15% of compensation or the maximum contribution permitted by the Internal Revenue Service, whichever is less. The Organization is required to match 150% of the first 4% of the employee deferrals. Pension expense was \$31,610 and \$28,471 for the years ended April 30, 2016 and 2015, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

The Organization appropriates amounts to various local beneficiary agencies. Certain individuals who serve on the board of directors of the Organization also serve on the boards of directors of the recipient local beneficiary agencies.