

**JEWISH FEDERATION OF SAN ANTONIO**  
**FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Jewish Federation of San Antonio  
San Antonio, Texas

We have audited the accompanying financial statements of the Jewish Federation of San Antonio (a non-profit corporation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets (with comparative totals for 2016) and cash flows (with comparative totals for 2016) for the year ended June 30, 2017, 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.

### **Auditor's Responsibility**

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

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

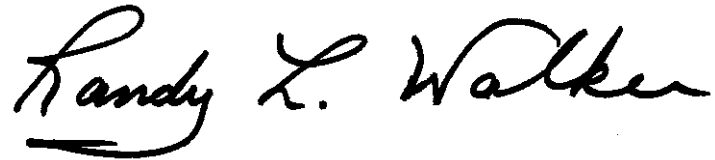
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of San Antonio as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 23 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline under the first letter of the first name.

San Antonio, Texas  
February 1, 2018

**JEWISH FEDERATION OF SAN ANTONIO**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>2017 Total</b>	<b>2016 Total</b>
Cash and cash equivalents	\$ 748,163	\$ 398,469	\$ <b>1,146,632</b>	\$ 1,210,955
Pledges receivable - net	414,018	-	<b>414,018</b>	353,785
Other receivables	8,826	1,457	<b>10,283</b>	34,353
Interfund receivables - net	(26,825)	26,825	-	-
Prepaid expenses	5,649	-	<b>5,649</b>	8,980
Loan receivable	-	2,000,000	<b>2,000,000</b>	2,000,000
Investments:				
Investments - carried at fair value	423,973	7,524,675	<b>7,948,648</b>	7,002,599
Investments - carried at cost	15,503	543,050	<b>558,553</b>	558,553
Cash surrender value of life insurance	-	216,128	<b>216,128</b>	214,365
Investment in real estate	1	-	<b>1</b>	1
Amounts held for others	-	815,626	<b>815,626</b>	738,630
Assets held in charitable trusts	-	486,234	<b>486,234</b>	477,230
Beneficial interest in perpetual trusts	-	8,432,029	<b>8,432,029</b>	7,912,646
Leasehold improvements - net	89,318	-	<b>89,318</b>	44,765
<b>TOTAL ASSETS</b>	<b>\$ 1,678,626</b>	<b>\$ 20,444,493</b>	<b>\$ 22,123,119</b>	<b>\$ 20,556,862</b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 19,862	\$ -	\$ <b>19,862</b>	\$ 26,469
Accrued expenses	43,501	-	<b>43,501</b>	38,404
Grants and allocations payable	641,256	-	<b>641,256</b>	731,316
Amounts held for others	-	1,023,346	<b>1,023,346</b>	947,015
Liabilities under agency relationships	-	275,829	<b>275,829</b>	256,901
Liabilities under trust and annuity agreements	-	601,156	<b>601,156</b>	620,007
Deferred income	6,000	-	<b>6,000</b>	2,900
<b>TOTAL LIABILITIES</b>	<b>710,619</b>	<b>1,900,331</b>	<b>2,610,950</b>	<b>2,623,012</b>
 <b>NET ASSETS</b>				
Unrestricted	963,007	2,498,326	<b>3,461,333</b>	2,633,072
Temporarily restricted	5,000	4,817,589	<b>4,822,589</b>	4,641,757
Permanently restricted	-	11,228,247	<b>11,228,247</b>	10,659,021
<b>TOTAL NET ASSETS</b>	<b>968,007</b>	<b>18,544,162</b>	<b>19,512,169</b>	<b>17,933,850</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,678,626</b>	<b>\$ 20,444,493</b>	<b>\$ 22,123,119</b>	<b>\$ 20,556,862</b>

The accompanying notes are an integral part of these financial statements.

**JEWISH FEDERATION OF SAN ANTONIO**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	General Fund			Endowment Funds				2017 Total	2016 Total
	Unrestricted	Temporarily Restricted	Total General Fund	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment		
<b><u>SUPPORT AND REVENUE</u></b>									
Campaign pledges - net	\$ 1,538,425	\$ -	\$ 1,538,425	\$ -	\$ -	\$ -	\$ -	\$ 1,538,425	\$ 1,539,015
Contributions, grants, and other pledges	31,628	103,000	134,628	805,526	91,681	-	897,207	1,031,835	514,527
Net gain (loss) on investments	28,945	-	28,945	196,833	401,451	40,079	638,363	667,308	(431,389)
Gain (loss) on assets held in perpetual trusts	-	-	-	-	-	519,384	519,384	519,384	(190,948)
Program fees and other	191,732	-	191,732	-	-	-	-	191,732	223,548
Interest and dividend income	20,097	-	20,097	40,463	93,026	9,763	143,252	163,349	172,403
Advertising - <i>Jewish Journal</i>	78,128	-	78,128	-	-	-	-	78,128	86,213
Fundraising, net of direct costs of \$-0- and \$63,740, respectively	-	-	-	-	-	-	-	-	249,130
Change in value of split interest agreements	-	-	-	-	(3,569)	-	(3,569)	(3,569)	(83,827)
	1,888,955	103,000	1,991,955	1,042,822	582,589	569,226	2,194,637	4,186,592	2,078,672
Net assets released from restrictions	324,059	(324,059)	-	180,698	(180,698)	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	2,213,014	(221,059)	1,991,955	1,223,520	401,891	569,226	2,194,637	4,186,592	2,078,672
<b><u>EXPENSES</u></b>									
Allocations and awards	630,440	-	630,440	308,969	-	-	308,969	939,409	1,144,747
Program services	895,510	-	895,510	-	-	-	-	895,510	409,302
Supporting services:									
Administration	194,927	-	194,927	-	-	-	-	194,927	398,544
Fundraising	371,299	-	371,299	-	-	-	-	371,299	593,314
Endowment	109,921	-	109,921	97,587	-	-	97,587	207,508	105,740
<b>TOTAL EXPENSES</b>	2,202,097	-	2,202,097	406,556	-	-	406,556	2,608,653	2,651,647
Change in net assets before interfund transfers, campaign allocation to operating fund, and endowment transfers	10,917	(221,059)	(210,142)	816,964	401,891	569,226	1,788,081	1,577,939	(572,975)
Interfund transfers, campaign allocation to operating fund, and endowment transfers	179,623	-	179,623	(179,243)	-	-	(179,243)	380	24,751
<b>CHANGE IN NET ASSETS</b>	190,540	(221,059)	(30,519)	637,721	401,891	569,226	1,608,838	1,578,319	(548,224)
<b>NET ASSETS, BEGINNING OF YEAR</b>	772,467	226,059	998,526	1,860,605	4,415,698	10,659,021	16,935,324	17,933,850	18,482,074
<b>NET ASSETS, END OF YEAR</b>	\$ 963,007	\$ 5,000	\$ 968,007	\$ 2,498,326	\$ 4,817,589	\$ 11,228,247	\$ 18,544,162	\$ 19,512,169	\$ 17,933,850

The accompanying notes are an integral part of these financial statements.

**JEWISH FEDERATION OF SAN ANTONIO**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Change in net assets	\$ (30,519)	\$ 1,608,838	\$ <b>1,578,319</b>	\$ (548,224)
Adjustments to reconcile changes in net assets to net cash provided by operations:				
(Increase) Decrease in cash surrender value of life insurance	-	(1,763)	<b>(1,763)</b>	7,837
Interest and dividend income	(20,097)	(143,252)	<b>(163,349)</b>	(172,403)
Net (gain) loss on assets held in perpetual trusts	-	(519,384)	<b>(519,384)</b>	190,948
Change in value of split interest agreements	-	3,569	<b>3,569</b>	83,827
Depreciation	4,334	-	<b>4,334</b>	2,756
Changes in assets and liabilities:				
Receivables	(36,163)	-	<b>(36,163)</b>	88,548
Prepaid expenses	3,331	-	<b>3,331</b>	(7,981)
Accounts payable	(6,607)	-	<b>(6,607)</b>	8,472
Accrued expenses	5,097	-	<b>5,097</b>	18,246
Grants and allocations payable	(90,060)	-	<b>(90,060)</b>	45,814
Deferred income	3,100	-	<b>3,100</b>	573
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(167,584)</u>	<u>948,008</u>	<u><b>780,424</b></u>	<u>(281,587)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Net change in value of securities	15,411	(887,679)	<b>(872,268)</b>	678,059
Purchases of leasehold improvements	(48,887)	-	<b>(48,887)</b>	(23,072)
Increase in amounts held for others	-	76,331	<b>76,331</b>	-
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(33,476)</u>	<u>(811,348)</u>	<u><b>(844,824)</b></u>	<u>654,987</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Decrease (Increase) in interfund receivables	26,825	(26,825)	-	-
Increase (Decrease) in liabilities under agency relationships	-	18,928	<b>18,928</b>	(12,773)
Decrease in liabilities under trust and annuity agreements	-	(18,851)	<b>(18,851)</b>	(39,664)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>26,825</u>	<u>(26,748)</u>	<u><b>77</b></u>	<u>(52,437)</u>
<b>NET (DECREASE) INCREASE IN CASH FLOWS</b>	(174,235)	109,912	<b>(64,323)</b>	320,963
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>922,398</u>	<u>288,557</u>	<u><b>1,210,955</b></u>	<u>889,992</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 748,163</u></u>	<u><u>\$ 398,469</u></u>	<u><u><b>\$ 1,146,632</b></u></u>	<u><u>\$ 1,210,955</u></u>
Supplemental Disclosure:				
Interest	\$ 213	\$ -	\$ <b>213</b>	\$ -

The accompanying notes are an integral part of these financial statements.

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

Organization

The Jewish Federation of San Antonio (the "Federation") is a Texas not-for-profit organization that conducts an annual fundraising campaign and maintains and manages assets in endowment funds to provide funding for the benefit of local, state, national, and international agencies, and for other programs which serve the San Antonio Jewish community and the community as a whole. Furthermore, the Federation conducts programs and related events in the areas of community relations, Jewish education, Holocaust awareness, Jewish leadership development, and the publication of a monthly newspaper, *The Jewish Journal*.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting records are maintained on a fund accounting basis which establishes separate, self-balancing sets of accounts in order to achieve proper segregation and fair presentation of resources to be used for unspecified and multi-specified purposes.

The major fund groups of the Federation are as follows:

*General Fund* – accounts for the programmatic, administrative, and fundraising activities of the Federation; as well as accounting for all annual campaign funds raised and allocations made annually to provide funding for Federation operations and to provide annual allocations/awards to other local and national not-for-profit organizations.

*Endowment Funds* – accounts for endowment gifts, the investment of endowment assets, and distributions to other funds and outside entities. The endowment fund group also accounts for interests in split interest agreements and trust interests.

Support and revenue are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

Basis of Presentation

The Federation is required to report information regarding its financial position and activities according to three classes of net assets.

*Unrestricted Net Assets* – Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions. Unrestricted net assets result from operating revenues, unrestricted contributions, and unrestricted dividend and interest income. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors (the "Board").

*Temporarily Restricted Net Assets* – Temporarily restricted net assets consist of assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specified event. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and net assets as net assets released from restrictions.

*Permanently Restricted Net Assets* – Permanently restricted net assets consist of net assets that are subject to donor-imposed stipulations that are to be maintained permanently. Generally, donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value, in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment securities received as contributions are sold immediately, with the net proceeds being recognized as a contribution. Other investments, State of Israel bonds, and non-derivative instruments are recorded at their face value and are held to maturity. Investment income, unless restricted by a donor, is available for operating purposes. Marketable investment securities are not required to be collateralized and are held for trade.

The Federation has an investment policy that sets guidelines and constraints to ensure the portfolio is appropriately diversified.

Pledges Receivable

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.



**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

Depreciation

Property and equipment are stated at cost, if purchased, or fair value, if donated. Depreciation is calculated on the straight-line method based on the following estimated useful lives: furniture and equipment - 3 to 10 years and leasehold improvements - 15 to 20 years. The Federation uses a \$1,000 threshold for asset capitalization.

Federal Income Tax

The Federation is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements. The Federation is also exempt from sales taxes. As of June 30, 2017, the tax years that remain subject to examination by taxing authorities begin with 2014.

The Federation's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At June 30, 2017 and 2016, no interest or penalties have been or are required to be accrued.

Public Support and Revenue

Contributions are recorded at fair value when the Federation is in possession of or receives an unconditional promise to give. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support based on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. The Federation's policy is to report restricted support that is satisfied in the year of receipt as restricted and then fully released in the same year.

Unconditional promises to give, or pledges, are recorded in the financial statements when there is sufficient evidence in the form of verifiable documentation that a promise is made and received. Long-term pledges receivable are discounted to an estimated present value.

Contributed services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed goods are recorded at their fair value in the period received.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

**Contingencies**

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Federation, but which will only be resolved when one or more future events occur or fail to occur. The Federation's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Federation or unasserted claims that may result in such proceedings, the Federation's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Federation's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

**Subsequent Events**

The Federation has evaluated subsequent events through February 1, 2018, the date the financial statements were available to be issued.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined 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. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 2 - FAIR VALUE MEASUREMENTS (continued)**

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

The following table represents assets measured at fair value as reported on the statements of financial position as of June 30, 2017 and 2016, as well as by level within the fair value measurement hierarchy:

	<b>Total Fair Value Measurement at June 30, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:				
Mutual funds	\$ 9,243,056	\$ 9,243,056	\$ -	\$ -
Limited partnership interest	7,453	-	-	7,453
Cash surrender value of life insurance	216,127	-	216,127	-
Beneficial interest in perpetual trusts	8,432,029	-	8,432,029	-
	<b>\$ 17,898,665</b>	<b>\$ 9,243,056</b>	<b>\$ 8,648,156</b>	<b>\$ 7,453</b>
	<b>Total Fair Value Measurement at June 30, 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:				
Mutual funds	\$ 8,211,006	\$ 8,211,006	\$ -	\$ -
Limited partnership interest	7,453	-	-	7,453
Cash surrender value of life insurance	214,365	-	214,365	-
Beneficial interest in perpetual trusts	7,912,646	-	7,912,646	-
	<b>\$ 16,315,470</b>	<b>\$ 8,211,006</b>	<b>\$ 8,127,011</b>	<b>\$ 7,453</b>

The changes in investments measured at fair value for which the Federation has used Level 3 inputs to determine fair value for the years ended June 30, 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Balance at beginning of year	\$ 7,453	\$ 7,453
Investment income	-	-
Distributions	-	-
Balance at end of year	<b>\$ 7,453</b>	<b>\$ 7,453</b>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 3 - CONCENTRATIONS OF CREDIT RISK**

The Federation maintains cash in checking and money market accounts at various financial institutions. The Federation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to a minimum of \$250,000. At June 30, 2017 and 2016, the Federation had approximately \$181,416 and \$401,413, respectively, in excess of FDIC insured limits, not including reconciling items. The Federation has not experienced any losses in such accounts.

**NOTE 4 - LOAN RECEIVABLE**

On December 9, 2014, the Board of Directors approved an interest-only loan from the Federation to the Campus of the San Antonio Jewish Community (the Campus) in the amount of \$2,000,000, which will be payable over 20 years at a 5-year fixed rate of 1.75% over LIBOR. The loan receivable was \$2,000,000 at June 30, 2017 and 2016.

**NOTE 5 - INVESTMENTS**

Investments at June 30, 2017 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Total</u>
General Fund:			
Mutual funds	\$ -	\$ 423,973	\$ 423,973
State of Israel bonds	15,503	-	15,503
Endowment Fund:			
Mutual funds	-	8,819,082	8,819,082
State of Israel bonds	543,050	-	543,050
Limited partnership interest	-	7,453	7,453
Total assets	<u>\$ 558,553</u>	<u>\$ 9,250,508</u>	<u>\$ 9,809,061</u>

Investments at June 30, 2016 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Total</u>
General Fund:			
Mutual funds	\$ -	\$ 419,287	\$ 419,287
State of Israel bonds	15,503	-	15,503
Endowment Fund:			
Mutual funds	-	7,791,719	7,791,719
State of Israel bonds	543,050	-	543,050
Limited partnership interest	-	7,453	7,453
Total assets	<u>\$ 558,553</u>	<u>\$ 8,218,459</u>	<u>\$ 8,770,012</u>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 5 - INVESTMENTS (continued)**

Investment income for the year ended June 30, 2017 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 60,560	\$ 93,026	\$ 9,763	\$ 163,349
Realized gains	81,088	119,035	40,079	240,202
Unrealized gains	144,690	282,416	-	427,106
	<u>\$ 286,338</u>	<u>\$ 494,477</u>	<u>\$ 49,842</u>	<u>\$ 830,657</u>

Investment income for the year ended June 30, 2016 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 64,938	\$ 107,465	\$ -	\$ 172,403
Realized losses	(45,670)	(99,661)	-	(145,331)
Unrealized losses	(99,609)	(186,449)	-	(286,058)
	<u>\$ (80,431)</u>	<u>\$ (178,645)</u>	<u>\$ -</u>	<u>\$ (258,986)</u>

**NOTE 6 - PLEDGE RECEIVABLE**

Pledges receivable at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Gross amounts due in:			
Unconditional promises to give one year or less	\$ 479,858	\$ 96,128	\$ 575,986
Less allowance for uncollectible promises	(65,840)	(96,128)	(161,968)
Net unconditional promises to give	<u>\$ 414,018</u>	<u>\$ -</u>	<u>\$ 414,018</u>

Pledges receivable at June 30, 2016 consisted of the following:

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Gross amounts due in:			
Unconditional promises to give one year or less	\$ 377,765	\$ 96,128	\$ 473,893
Less allowance for uncollectible promises	(23,980)	(96,128)	(120,108)
Net unconditional promises to give	<u>\$ 353,785</u>	<u>\$ -</u>	<u>\$ 353,785</u>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 7 - INVESTMENT IN REAL ESTATE**

Donated real properties held for investment are recorded at fair market value when fair market can be obtained. A nominal accounting value of \$1 is assigned to those real properties when fair market values cannot be obtained.

**NOTE 8 - CAMPAIGN PLEDGES**

The Federation conducts an annual fundraising campaign, which is reported in the General Fund. For the years ended June 30, 2017 and 2016, total support from campaign fundraising, consisting of unconditional pledges, was as follows:

	2017	2016
Campaign pledges	\$ 1,592,455	\$ 1,585,213
Less:		
Increase in provision for uncollectible pledges	(41,860)	(31,287)
Credit card discounts and bank charges	(12,170)	(14,911)
Net campaign pledges	\$ 1,538,425	\$ 1,539,015

**NOTE 9 - LIFE INSURANCE POLICIES**

The Federation is the sole beneficiary and owner of eight life insurance policies. As of June 30, 2017 and 2016, the cash surrender values of these policies, accounted for in the endowment funds, totaled \$216,128 and \$214,365, respectively.

**NOTE 10 - AMOUNTS HELD FOR OTHERS**

Amounts held for others represent assets transferred by other nonprofit corporations to the Federation for investment management. These funds are invested in cash and mutual funds and are carried at fair value. The entity that transferred these assets to the Federation did not convey variance power over their use.

The balance in the asset and liability account as of June 30, 2017 and 2016 was as follows:

	2017	2016
Barshop Maintenance Fund (asset)	\$ 1,026,172	\$ 947,015
Barshop Maintenance Fund (liability)	\$ 1,026,172	\$ 947,015

**JEWISH FEDERATION OF SAN ANTONIO**  
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**NOTE 11 - ASSETS/LIABILITIES UNDER TRUST AND ANNUITY AGREEMENTS**

The Federation is the remainder beneficiary and trustee of three charitable remainder annuity trusts. As of June 30, 2017 and 2016, the assets of these trusts are comprised of cash, publicly traded mutual funds, and government securities with a total fair value of \$632,992 and \$611,707, respectively. The terms of the trusts provide for total annualized distributions of \$38,793 to the income beneficiaries. Total future distributions to the income beneficiaries, over their expected remaining lives, are discounted to reflect present value using a discount rate of 5.0%. As of June 30, 2017 and 2016, the present value of the future distributions, net of the discounts, totaled \$332,695 and \$341,822, respectively.

In accordance with GAAP, the assets of the trusts are recorded as "assets held in charitable trusts." The present value of future distributions to the beneficiaries, other than to the Federation, is recorded as "liabilities under trust and annuity agreements."

During the years ended June 30, 2017 and 2016, the Federation had seven charitable gift annuity agreements whereby the annuitants are to receive periodic distributions (an annual total of \$50,461) over their lives. The present value of the estimated future distributions over the estimated lives of the annuitants (discounted using a 5.0% discount rate) totaled \$268,461 and \$278,185 as of June 30, 2017 and 2016, respectively. Assets initially received from the annuitants are held in cash and/or in publicly traded mutual funds and are classified on the statements of financial position as a component of cash and cash equivalents and as investments. As of June 30, 2017 and 2016, these assets have a fair value of \$110,583 and \$117,285, respectively.

A summary of assets and liabilities by agreement type as of June 30, 2017 is as follows:

	<b>Assets Held Under Charitable Gift Annuities</b>	<b>Assets Held in Charitable Trusts</b>	<b>Liabilities Under Trust and Annuity Agreements</b>
Charitable remainder annuity trusts	\$ -	\$ 632,992	\$ 332,695
Annuity agreements	110,583	-	268,461
	<b>\$ 110,583</b>	<b>\$ 632,992</b>	<b>\$ 601,156</b>

A summary of assets and liabilities by agreement type as of June 30, 2016 is as follows:

	<b>Assets Held Under Charitable Gift Annuities</b>	<b>Assets Held in Charitable Trusts</b>	<b>Liabilities Under Trust and Annuity Agreements</b>
Charitable remainder annuity trusts	\$ -	\$ 611,707	\$ 341,822
Annuity agreements	117,285	-	278,185
	<b>\$ 117,285</b>	<b>\$ 611,707</b>	<b>\$ 620,007</b>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 12 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

The Federation is the income beneficiary of four perpetual trusts (Emma Freeman Foundation, Emma Freeman Trust, Freeman Education Foundation, and the Leonard and Shirley Sterling Charitable Fund) whose assets are held by a financial institution. As of June 30, 2017 and 2016, the assets of these trusts, at fair market, are valued at \$8,432,029 and \$7,912,646, respectively. The Federation's interest in these trusts is limited to only the net income generated from the trust assets, as distributed by the trustee.

The assets of the trusts consist of government securities, mutual funds, equity and debt securities, and real estate.

In accordance with GAAP, the Federation's beneficial interest in the trusts (equivalent to the Federation's percentage interest of the fair market value of the underlying assets held in trust) totaling \$8,432,029 and \$7,912,464, respectively, is included in "contributions receivable from charitable trusts" and "beneficial interest in perpetual trusts", and it is classified as permanently restricted.

For the years ended June 30, 2017 and 2016, the fair value of the net assets held in trust increased and decreased, respectively. The Federation's percentage interest in these changes amounted to a \$519,384 increase and a \$190,948 decrease, respectively. This increase (decrease) is recorded as "gain (loss) on assets held in perpetual trusts."

**NOTE 13 - LEASEHOLD IMPROVEMENTS**

Leasehold improvements consisted of the following at June 30:

	<b>2017</b>	2016	
Leasehold improvements	<b>\$ 111,954</b>	\$ 63,068	
Less accumulated depreciation	<b>(22,636)</b>	(18,303)	
Total	<b>\$ 89,318</b>	\$ 47,765	

Depreciation expense was \$4,334 and \$2,756 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 14 - LIABILITIES UNDER AGENCY RELATIONSHIPS**

The Federation holds assets consisting of cash and publicly traded mutual funds, the income from which benefits specified unaffiliated not-for-profit entities. The assets are comprised of cash and investments and are reflected accordingly as such in these financial statements. The Federation does not have variance power over the use of these assets, which are held in perpetuity.

As of June 30, 2017, and 2016, the fair value of these assets and offsetting liability totaled \$275,829 and \$256,901, respectively.



**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 15 - ALLOCATION AND AWARDS**

At June 30, 2017 and 2016, the Federation had amounts due to the following not-for-profit organizations and programs for allocations awarded from its General Fund:

	<u>2017</u>	<u>2016</u>
Jewish Federations of North America	\$ 278,721	\$ 305,769
Jewish Family Service	137,018	142,018
Jewish Community Center	126,194	133,850
Torah Academy of San Antonio	55,000	81,179
Regional and others	44,323	68,500
	<u>\$ 641,256</u>	<u>\$ 731,316</u>

**NOTE 16 - INTERFUND TRANSFERS**

For the years ended June 30, 2017 and 2016, the Federation, in accordance with the operating budget and the Board's actions, transferred monies within its respective funds for endowment transfers of \$179,243 and \$243,273, respectively.

**NOTE 17 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Subject to Board appropriation	\$ 1,784,130	\$ 1,626,847
Holocaust Memorial Museum	1,064,920	1,165,956
Scholarships/Jewish education	594,649	543,922
Annual campaign - PACE gifts	466,963	445,069
Senior citizens program	382,319	365,768
Leadership development	142,798	129,264
Religious enhancement	130,399	126,997
Philanthropic giving	134,144	128,025
Library resources/literacy	57,180	57,449
Community relations	65,087	52,460
	<u>\$ 4,822,589</u>	<u>\$ 4,641,757</u>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 17 - TEMPORARILY RESTRICTED NET ASSETS (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Board appropriation, allocations, and operations	\$ 201,556	\$ 315,512
Federation grants	98,000	-
Holocaust Memorial Museum	82,760	103,106
Scholarships/Jewish education	45,955	24,902
Annual campaign - PACE gifts	21,319	26,529
Senior citizens program	16,305	17,015
Philanthropic giving	12,483	6,521
Religious enhancement	7,827	-
Community relations	7,480	5,741
Leadership development	5,879	7,150
Library resources/literacy	5,193	4,821
	<u>\$ 504,757</u>	<u>\$ 511,297</u>

**NOTE 18 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Subject to Board appropriation	\$ 9,863,749	\$ 9,362,583
Annual campaign - PACE gifts	491,363	473,145
Future allocations and operations	300,166	250,324
Scholarships/Jewish education	256,683	256,683
Community relations	164,596	164,596
Leadership development	83,500	83,500
Holocaust Memorial Museum	50,000	50,000
Religious enhancement	18,190	18,190
	<u>\$11,228,247</u>	<u>\$10,659,021</u>

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 19 - COMMITMENTS AND CONTINGENCIES**

As discussed in Note 11, the Federation is contingently at risk with regard to payments to be made to a donor under a charitable gift annuity. The Foundation bears the risk should it default on its obligation to make payments to the annuitants (donors) under the terms of the annuity or if the beneficiary annuitant lives longer than the period of time provided for by the charitable gift annuity assets.

The Federation is a guarantor on a note with a financial institution on behalf of the Campus, an affiliated agency. The note is fully collateralized with real estate. The original amount of the guarantee was \$7,100,000. As of June 30, 2017 and 2016, the outstanding balance of the note is \$1,158,333. The note has a balloon payment of all outstanding principal plus all accrued interest due on January 1, 2020. The Campus has been making interest-only payments on the note over the past several years.

**NOTE 20 - CAMPUS OF THE SAN ANTONIO JEWISH COMMUNITY**

The Federation is one of three not-for-profit corporate members who maintain a voting position on the board of the Campus. The Campus is a not-for-profit corporation organized to operate a campus, which houses the operations of its corporate members.

The Federation, in conjunction with the other not-for-profit corporate members, leases space from the Campus under a lease agreement, which expires annually each year on June 30. This lease has been renewed for the 2017 fiscal year. Total rent expense incurred by the Federation under this lease agreement totaled \$92,376 for the years ended June 30, 2017 and 2016. Total lease expense is determined annually based upon the estimated total cost of maintaining the Campus facilities and the actual space utilized by the Federation. Commitments to lease space from the Campus are made annually based on a one-year lease period. The monthly rent under this lease agreement totaled \$7,698 for the years ended June 30, 2017 and 2016.

**NOTE 21 - EMPLOYEE BENEFIT PLAN**

The Federation established a "SIMPLE IRA Plan" effective February 1, 2017. All employees receiving at least \$5,000 in compensation during any 2 prior years and who are reasonably expected to receive at least \$5,000 in compensation during the current year are eligible to participate in the plan. The Federation matches the employee contributions up to 3%, and all contributions are 100% vested. For the years ended June 30, 2017 and 2016, no contributions were made into the plan.

**NOTE 22 - PRIOR YEAR RECLASSIFICATION**

During the year ended June 30, 2017, an evaluation of investment account balances revealed \$580,775 in cash held in the investment accounts not properly reflected as cash in the financial statements for the year ended June 30, 2016. The effect of this reclassification is an increase of \$580,775 in cash and a corresponding decrease in investments for the year ended June 30, 2016. There was no effect on net assets at June 30, 2016. In addition, a reevaluation of the functional allocations resulted in differences from June 30, 2016 to June 30, 2017 in the categorization of expenses (i.e., program services, administration, fundraising and endowment expenses).

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 23 - OPERATING LEASE**

The Federation has a copier lease that expires in April 2018 and has a monthly base amount of \$920. In July 2015, this lease was converted to a new lease that expires in October 2020. The monthly base amount under this new lease is \$1,145. Rent expense under this lease for the years ended June 30, 2017 and 2016 was \$17,073 and \$17,603, respectively.

The following is a schedule of the operating lease obligations subsequent to June 30, 2017:

Year Ending June 30,		
2018	\$	13,740
2019		13,740
2020		13,740
2021		4,580
		4,580
Total	\$	45,800

**NOTE 24 - ENDOWMENTS**

The Federation's endowments consist of a number individual funds established for a variety of purposes. The Federation's endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of the Federation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act ("TXUPMIFA") 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 Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment if designated by the donor as permanently restricted, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 Federation in a manner consistent with the standard of prudence prescribed by TXUPMIFA.

In accordance with TXUPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowment fund
- General economic conditions

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 24 - ENDOWMENTS (continued)**

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Federation
- The investment policies of the Federation

*Investment Policies and Objectives Governing Endowment Assets*

The Federation, under its investment program, pools the endowment assets to achieve expanded diversification, more cost-efficient investment services, and access to professional management services that could not be achieved due to limited investment fund size. The Federation may select among several asset allocation options. The investment program shall be managed in compliance with all applicable laws, rules, and regulations, including TXUPMIFA.

The Federation acknowledges that the ultimate responsibility for satisfactory investment results rests with its Board. The Board believes this responsibility is best discharged by utilizing the advice of the Federation's Investment Committee and by delegating certain investment authority to certain banks, investment advisors, or investment managers as provided under Section 2.29 of the Texas Non-Profit Corporation Act.

The Federation has established the Investment Committee to provide oversight and review of the investment program. The Investment Committee of the Federation functions in an "advisory role" to the Board of the Federation. With the assistance of investment consultants, the Investment Committee is responsible for monitoring investment results; reviewing and recommending investment policies and strategies; reviewing and recommending investment managers and/or advisors and other fiduciaries; and monitoring the performance of the investment managers, advisors, and other fiduciaries.

*Goals*

The goal of the Federation, with respect to the investment policy, is to preserve and maintain the real purchasing power of the principal of the endowment assets after financial obligations, which consist of the Federation's financial needs and programs and administrative expenses. The desired investment objective is the realization of a long-term total rate of return for invested assets that is approximately 6% greater than the rate of inflation. The target rate of return is based upon the assumption that future real rates of return will be close to historical long run rates of return experienced for each asset class. It shall be the policy to invest assets with a class allocation to equities (50% to 80%), fixed income (20% to 50%), and alternatives (10% to 30%). The asset allocation represents a long-term perspective. As such, rapid and unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of these ranges. Accordingly, rebalancing among asset classes may be needed and will occur on a monthly basis (if required) to ensure target asset allocations are maintained.

**JEWISH FEDERATION OF SAN ANTONIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 24 - ENDOWMENTS (continued)**

Investments will be diversified within asset classes with the intent to minimize the risk of large losses. The portfolio is comprised primarily of mutual funds that are managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940.

Investment performance will be reviewed annually to determine the feasibility of achieving the above objective. Performance reviews will focus on comparisons of investment results to appropriate benchmarks, as well as market index returns in both equity and debt markets.

Endowment net asset composition by type of fund as of June 30, 2017 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (482,016)	\$ 4,817,589	\$ 11,228,247	\$ 15,563,820
Board-designated endowment funds	<u>2,980,342</u>	-	-	<u>2,980,342</u>
	<u>\$ 2,498,326</u>	<u>\$ 4,817,589</u>	<u>\$ 11,228,247</u>	<u>\$ 18,544,162</u>

Endowment net asset composition by type of fund as of June 30, 2016 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (307,359)	\$ 4,415,698	\$ 10,659,021	\$ 14,767,360
Board-designated endowment funds	<u>2,167,964</u>	-	-	<u>2,167,964</u>
	<u>\$ 1,860,605</u>	<u>\$ 4,415,698</u>	<u>\$ 10,659,021</u>	<u>\$ 16,935,324</u>

Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ 1,860,605	\$ 4,415,698	\$ 10,659,021	\$ 16,935,324
Investment return:				
Interest and dividend income	40,463	93,026	9,763	143,252
Net gain on investments	196,833	401,451	40,079	638,363
Contributions to perpetual endowments	805,526	91,681	-	897,207
Gain on perpetual trust assets	-	-	519,384	519,384
Change in split interest agreements	-	(3,569)	-	(3,569)
Amounts appropriated for expenditures	<u>(405,101)</u>	<u>(180,698)</u>	-	<u>(585,799)</u>
Endowment net assets at end of year	<u>\$ 2,498,326</u>	<u>\$ 4,817,589</u>	<u>\$ 11,228,247</u>	<u>\$ 18,544,162</u>

**JEWISH FEDERATION OF SAN ANTONIO**  
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**June 30, 2017 and 2016**

**NOTE 24 - ENDOWMENTS (continued)**

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ 1,918,433	\$ 4,777,203	\$ 11,018,233	\$ 17,713,869
Investment return:				
Interest and dividend income	33,800	107,465	-	141,265
Net loss on investments	(99,891)	(286,110)	-	(386,001)
Contributions to perpetual endowments	192,719	305,366	-	498,085
Gain on perpetual trust assets	-	-	(190,948)	(190,948)
Change in split interest agreements	84,437	-	(168,264)	(83,827)
Amounts appropriated for expenditures	<u>(268,893)</u>	<u>(488,226)</u>	<u>-</u>	<u>(757,119)</u>
Endowment net assets at end of year	<u>\$ 1,860,605</u>	<u>\$ 4,415,698</u>	<u>\$ 10,659,021</u>	<u>\$ 16,935,324</u>

*Spending Policy*

The distribution rate of the endowment assets that are owned by the Federation will be annually determined by the Board through the budgeting process or during the year on an as-needed basis, other than for donor advised funds. Donor advised funds, although available to the Board for distribution, typically are considered for distribution by the Board upon receipt of an advisement from the donor family which established the fund. Distributions from these funds are not subject to the same spending guidelines applied to the non-donor advised endowment funds. Parameters utilized for all other individual endowment funds are predicated on a net asset approach in determining the amount of funds available for appropriation and distribution. In general, total annual appropriations, not to exceed 5% of the net asset balance of each individual fund as of December 31 of each year, are considered as prudent by the Board with consideration of all factors, including donor restrictions, donor recommendations for donor-advised funds, and the requirements of TXUPMIFA and the Internal Revenue Service.

*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 TXUPMIFA requires the Federation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets of \$482,016 and \$307,359 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from appropriations greater than investment income due to poor investment returns in recent years. Management expects to recover these deficiencies with future investment returns.

**SUPPLEMENTARY  
INFORMATION**



**JEWISH FEDERATION OF SAN ANTONIO**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**  
**(with comparative totals for 2016)**

	Allocations and Awards	Program Services				Total Program Services	Supporting Services			Total Supporting Services	2017 Total	2016 Total
		Community Relations Council	Jewish Journal	Holocaust	Other		Administration	Fundraising	Endowment			
Salaries	\$ -	\$ 182,130	\$ 74,933	\$ 75,652	\$ 58,755	\$ 391,470	\$ 74,867	\$ 240,439	\$ 81,728	\$ 397,034	\$ 788,504	\$ 747,012
Payroll taxes and benefits	-	24,180	14,228	12,069	7,408	57,885	14,459	39,336	14,516	68,311	126,196	134,288
<b>TOTAL PAYROLL EXPENSES</b>	-	206,310	89,161	87,721	66,163	449,355	89,326	279,775	96,244	465,345	914,700	881,300
Program and event expenses	-	6,182	-	96,806	102,489	205,477	21,505	41,015	3,240	65,760	271,237	172,852
Occupancy-rent	-	31,301	7,212	16,557	7,106	62,176	6,573	17,765	5,862	30,200	92,376	92,376
Administrative expenses	-	-	-	-	-	-	-	-	83,731	83,731	83,731	88,257
Contract labor	-	7,013	48,068	3,802	1,592	60,475	1,473	3,980	1,313	6,766	67,241	47,592
Printing and stationary	-	966	29,487	765	-	31,218	853	5,766	-	6,619	37,837	39,029
Professional fees	-	11,623	2,673	6,148	2,639	23,083	2,442	6,597	2,179	11,218	34,301	28,705
Conferences	-	2,203	-	2,806	1,089	6,098	8,140	7,122	-	15,262	21,360	29,650
Journal commissions	-	-	19,572	-	-	19,572	-	-	-	-	19,572	19,623
Postage	-	10	10,091	13	-	10,114	7,523	298	-	7,821	17,935	16,031
Maintenance and rentals	-	5,785	1,333	3,614	1,313	12,045	1,215	3,284	1,083	5,582	17,627	17,603
Supplies	-	50	31	1,333	14	1,428	13,797	232	-	14,029	15,457	20,222
Investment fees	-	-	-	-	-	-	-	-	13,856	13,856	13,856	5,979
IT and network support	-	-	-	-	-	-	10,934	-	-	10,934	10,934	8,728
Insurance	-	-	-	-	-	-	7,832	-	-	7,832	7,832	6,609
Marketing	-	-	-	960	-	960	1,703	4,587	-	6,290	7,250	4,028
Publications	-	469	3,900	-	-	4,369	777	-	-	777	5,146	3,782
Donations to other non-profits	-	-	-	-	5,000	5,000	-	-	-	-	5,000	1,000
Federation web expenses	-	-	-	-	-	-	4,840	-	-	4,840	4,840	5,280
Miscellaneous expenses	-	162	-	1,990	-	2,152	2,490	-	-	2,490	4,642	(1,509)
Depreciation	-	-	-	-	-	-	4,334	-	-	4,334	4,334	2,756
Data processing	-	-	-	-	-	-	3,991	-	-	3,991	3,991	6,574
Telephone	-	493	-	75	-	568	1,678	1,020	-	2,698	3,266	4,301
Bank service charges	-	-	-	-	-	-	1,625	-	-	1,625	1,625	1,041
Organization dues	-	-	-	200	-	200	1,322	-	-	1,322	1,522	2,297
Local travel	-	470	-	677	73	1,220	341	(142)	-	199	1,419	1,039
Interest	-	-	-	-	-	-	213	-	-	213	213	-
Uncollectible receivables	-	-	-	-	-	-	-	-	-	-	-	1,755
	-	273,037	211,528	223,467	187,478	895,510	194,927	371,299	207,508	773,734	1,669,244	1,506,900
Allocations and awards	630,440	-	-	-	-	-	-	-	308,969	308,969	939,409	1,144,747
<b>TOTAL EXPENSES</b>	<u>\$ 630,440</u>	<u>\$ 273,037</u>	<u>\$ 211,528</u>	<u>\$ 223,467</u>	<u>\$ 187,478</u>	<u>\$ 895,510</u>	<u>\$ 194,927</u>	<u>\$ 371,299</u>	<u>\$ 516,477</u>	<u>\$ 1,082,703</u>	<u>\$ 2,608,653</u>	<u>\$ 2,651,647</u>

See independent auditor's report.