

**Jewish Federation
of Greater Ann Arbor**
(a nonprofit Michigan corporation)
Ann Arbor, Michigan
Financial Statements

August 31, 2017 and 2016

Jewish Federation of Greater Ann Arbor

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Independent Auditors' Report

To the Board of Directors
Jewish Federation of Greater Ann Arbor
Ann Arbor, Michigan

We have audited the accompanying financial statements of Jewish Federation of Greater Ann Arbor (a nonprofit organization), which comprise the statements of financial position as of August 31, 2017 and 2016, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Greater Ann Arbor as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Altruic Advisors, PLLC

Certified Public Accountants

Ann Arbor, Michigan
February 15, 2018

Jewish Federation of Greater Ann Arbor

Statements of Financial Position - All Funds

August 31	2017	
	Federation Fund	Foundation Fund
ASSETS		
Cash and cash equivalents	\$ 959,567	\$ -
Prepaid expenses and other assets	39,602	-
Unconditional promises to give, net	167,618	5,981
Restricted cash	-	44,687
Investments at fair value, restricted and unrestricted	150,694	5,941,213
Property and equipment, net	3,072	-
Cash surrender value of life insurance	-	290,191
Total assets	<u>\$ 1,320,553</u>	<u>\$ 6,282,072</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 4,680	\$ -
Grants and allocations payable	687,175	-
Assets held as agency funds	-	1,292,215
Total liabilities	<u>691,855</u>	<u>1,292,215</u>
Net Assets		
Unrestricted		
Board-designated for the following purposes:		
Donor-advised funds	-	2,667,617
Board discretionary funds	-	141,314
Internal programs	16,449	-
Property and equipment	3,072	-
Undesignated	427,845	322,156
Total unrestricted net assets	<u>447,366</u>	<u>3,131,087</u>
Temporarily restricted net assets	181,332	1,207,032
Permanently restricted net assets	-	651,738
Total net assets	<u>628,698</u>	<u>4,989,857</u>
Total liabilities and net assets	<u>\$ 1,320,553</u>	<u>\$ 6,282,072</u>

2016			
Total	Federation Fund	Foundation Fund	Total
\$ 959,567	\$ 1,007,873	\$ 910,263	\$ 1,918,136
39,602	44,722	-	44,722
173,599	236,995	11,981	248,976
44,687	-	50,994	50,994
6,091,907	150,406	4,421,918	4,572,324
3,072	3,685	-	3,685
290,191	-	274,406	274,406
<u>\$ 7,602,625</u>	<u>\$ 1,443,681</u>	<u>\$ 5,669,562</u>	<u>\$ 7,113,243</u>
\$ 4,680	\$ 5,879	\$ -	\$ 5,879
687,175	719,736	-	719,736
1,292,215	-	989,976	989,976
<u>1,984,070</u>	<u>725,615</u>	<u>989,976</u>	<u>1,715,591</u>
2,667,617	-	1,556,746	1,556,746
141,314	-	102,857	102,857
16,449	13,185	-	13,185
3,072	3,685	-	3,685
750,001	461,511	274,405	735,916
3,578,453	478,381	1,934,008	2,412,389
1,388,364	239,685	2,097,523	2,337,208
651,738	-	648,055	648,055
<u>5,618,555</u>	<u>718,066</u>	<u>4,679,586</u>	<u>5,397,652</u>
<u>\$ 7,602,625</u>	<u>\$ 1,443,681</u>	<u>\$ 5,669,562</u>	<u>\$ 7,113,243</u>

Jewish Federation of Greater Ann Arbor

Statements of Activities - All Funds

Year ended August 31, 2017

	Federation Fund		Fund Total
	Unrestricted	Temporarily Restricted	
	Total	Annual Campaign	
Support, Gains, Revenue, and Transfers			
Support			
Contributions (exclusive of transfers from donor advised funds)	\$ 15,698	\$ 992,425	\$ 1,008,123
Special events, net of expenses of \$43,632	(5,899)	-	(5,899)
Transfers from donor advised funds	270,875	-	270,875
Total support	<u>280,674</u>	<u>992,425</u>	<u>1,273,099</u>
Gains			
Interest income	1,006	-	1,006
Net realized and unrealized gains on investments	3,505	-	3,505
Increase of cash surrender value of life insurance	-	-	-
Total gains	<u>4,511</u>	<u>-</u>	<u>4,511</u>
Revenue			
Program service revenue	42,338	-	42,338
Other revenue	63,990	-	63,990
Net assets released from restrictions	<u>2,132,295</u>	<u>(1,050,778)</u>	<u>1,081,517</u>
Total support, gains, and revenue	<u>2,481,470</u>	<u>(58,353)</u>	<u>2,423,117</u>
Transfers (to) from other funds	<u>(1,140,359)</u>	<u>-</u>	<u>(1,140,359)</u>
Total support, gains, revenue, and transfers	<u>1,341,111</u>	<u>(58,353)</u>	<u>1,282,758</u>
Functional Expenses			
Program services	1,003,270	-	1,003,270
Supporting services			
General and administrative	160,540	-	160,540
Fundraising	208,316	-	208,316
Total functional expenses	<u>1,372,126</u>	<u>-</u>	<u>1,372,126</u>
Change in Net Assets	(31,015)	(58,353)	(89,368)
Net Assets, Beginning of Year	<u>478,381</u>	<u>239,685</u>	<u>718,066</u>
Net Assets, End of Year	<u>\$ 447,366</u>	<u>\$ 181,332</u>	<u>\$ 628,698</u>

Foundation Fund						
Donor Advised Funds	Unrestricted		Temporarily Restricted	Permanently Restricted	Fund Total	2017 Total
	All Other	Total	Total	Total		
\$ 1,217,276	\$ -	\$ 1,217,276	\$ -	\$ 3,683	\$ 1,220,959	\$ 2,229,082
-	-	-	-	-	-	(5,899)
(270,875)	-	(270,875)	-	-	(270,875)	-
946,401	-	946,401	-	3,683	950,084	2,223,183
201,216	-	201,216	-	-	201,216	202,222
137,960	13,538	151,498	191,026	-	342,524	346,029
-	15,785	15,785	-	-	15,785	15,785
339,176	29,323	368,499	191,026	-	559,525	564,036
-	-	-	-	-	-	42,338
-	2,782	2,782	-	-	2,782	66,772
-	-	-	(1,081,517)	-	(1,081,517)	-
1,285,577	32,105	1,317,682	(890,491)	3,683	430,874	2,853,991
865,487	274,872	1,140,359	-	-	1,140,359	-
2,151,064	306,977	2,458,041	(890,491)	3,683	1,571,233	2,853,991
1,040,193	220,769	1,260,962	-	-	1,260,962	2,264,232
-	-	-	-	-	-	160,540
-	-	-	-	-	-	208,316
1,040,193	220,769	1,260,962	-	-	1,260,962	2,633,088
1,110,871	86,208	1,197,079	(890,491)	3,683	310,271	220,903
1,556,746	377,262	1,934,008	2,097,523	648,055	4,679,586	5,397,652
\$ 2,667,617	\$ 463,470	\$ 3,131,087	\$ 1,207,032	\$ 651,738	\$ 4,989,857	\$ 5,618,555

The accompanying Notes are an integral part of these financial statements

Jewish Federation of Greater Ann Arbor

Statements of Activities - All Funds

Year ended August 31, 2016

	Federation Fund		Fund Total
	Unrestricted	Temporarily Restricted	
	Total	Annual Campaign	
Support, Gains, and Revenue			
Support			
Contributions (exclusive of transfers from donor advised funds)	\$ 4,516	\$ 1,182,681	\$ 1,187,197
Special events, net of expenses of \$41,352	4,678	-	4,678
Transfers from donor advised funds	243,728	-	243,728
Total support	<u>252,922</u>	<u>1,182,681</u>	<u>1,435,603</u>
Gains			
Interest income	1,266	-	1,266
Net realized and unrealized gains on investments	1,086	-	1,086
Increase of cash surrender value of life insurance	-	-	-
Total gains	<u>2,352</u>	<u>-</u>	<u>2,352</u>
Revenue			
Other revenue	36,062	-	36,062
Other revenue	<u>36,062</u>	<u>-</u>	<u>36,062</u>
Net assets released from restrictions	<u>1,217,422</u>	<u>(1,119,273)</u>	<u>98,149</u>
Total support, gains, and revenue	<u>1,508,758</u>	<u>63,408</u>	<u>1,572,166</u>
Transfers (to) from other funds	<u>(145,067)</u>	<u>-</u>	<u>(145,067)</u>
Total support, gains, revenue, and transfers	<u>1,363,691</u>	<u>63,408</u>	<u>1,427,099</u>
Functional Expenses			
Program services	995,953	-	995,953
Supporting services			
General and administrative	137,178	-	137,178
Fundraising	<u>164,632</u>	<u>-</u>	<u>164,632</u>
Total functional expenses	<u>1,297,763</u>	<u>-</u>	<u>1,297,763</u>
Change in Net Assets	65,928	63,408	129,336
Net Assets, Beginning of Year, As Previously Stated	<u>384,481</u>	<u>447,977</u>	<u>832,458</u>
Prior Period Adjustment	<u>27,972</u>	<u>(271,700)</u>	<u>(243,728)</u>
Net Assets, Beginning of Year, As Restated	<u>412,453</u>	<u>176,277</u>	<u>588,730</u>
Net Assets, End of Year	<u>\$ 478,381</u>	<u>\$ 239,685</u>	<u>\$ 718,066</u>

Foundation Fund						
Donor Advised Funds	Unrestricted		Temporarily Restricted	Permanently Restricted	Fund Total	2016 Total
	All Other	Total	Total	Total		
\$ 111,847	\$ 7,370	\$ 119,217	\$ 1,023,684	\$ 3,150	\$ 1,146,051	\$ 2,333,248
-	-	-	-	-	-	4,678
(243,728)	-	(243,728)	-	-	(243,728)	-
<u>(131,881)</u>	<u>7,370</u>	<u>(124,511)</u>	<u>1,023,684</u>	<u>3,150</u>	<u>902,323</u>	<u>2,337,926</u>
62,135	-	62,135	-	-	62,135	63,401
51,682	12,570	64,252	103,677	-	167,929	169,015
-	16,742	16,742	-	-	16,742	16,742
<u>113,817</u>	<u>29,312</u>	<u>143,129</u>	<u>103,677</u>	<u>-</u>	<u>246,806</u>	<u>249,158</u>
-	19,586	19,586	-	-	19,586	55,648
-	19,586	19,586	-	-	19,586	55,648
-	-	-	(98,149)	-	(98,149)	-
<u>(18,064)</u>	<u>56,268</u>	<u>38,204</u>	<u>1,029,212</u>	<u>3,150</u>	<u>1,070,566</u>	<u>2,642,732</u>
-	145,067	145,067	-	-	145,067	-
<u>(18,064)</u>	<u>201,335</u>	<u>183,271</u>	<u>1,029,212</u>	<u>3,150</u>	<u>1,215,633</u>	<u>2,642,732</u>
340,100	161,178	501,278	-	-	501,278	1,497,231
-	-	-	-	-	-	137,178
-	-	-	-	-	-	164,632
<u>340,100</u>	<u>161,178</u>	<u>501,278</u>	<u>-</u>	<u>-</u>	<u>501,278</u>	<u>1,799,041</u>
(358,164)	40,157	(318,007)	1,029,212	3,150	714,355	843,691
<u>1,914,910</u>	<u>349,086</u>	<u>2,263,996</u>	<u>1,056,330</u>	<u>644,905</u>	<u>3,965,231</u>	<u>4,797,689</u>
-	(11,981)	(11,981)	11,981	-	-	(243,728)
<u>1,914,910</u>	<u>337,105</u>	<u>2,252,015</u>	<u>1,068,311</u>	<u>644,905</u>	<u>3,965,231</u>	<u>4,553,961</u>
<u>\$ 1,556,746</u>	<u>\$ 377,262</u>	<u>\$ 1,934,008</u>	<u>\$ 2,097,523</u>	<u>\$ 648,055</u>	<u>\$ 4,679,586</u>	<u>\$ 5,397,652</u>

The accompanying Notes are an integral part of these financial statements

Jewish Federation of Greater Ann Arbor

Statements of Functional Expenses - All Funds

Year ended August 31, 2017

	<u>Program Services</u>		
	<u>Overseas</u>	<u>Local Services</u>	<u>Total</u>
Allocations to national organizations	\$ 281,075	\$ -	\$ 281,075
Allocations to local organizations	-	503,392	503,392
Donor-advised payments	-	-	-
Total grants and allocations	<u>281,075</u>	<u>503,392</u>	<u>784,467</u>
Salaries and wages	-	130,661	130,661
Contracted staff	-	14,732	14,732
Fringe benefits	-	9,192	9,192
Payroll taxes	-	9,960	9,960
Total personnel costs	<u>-</u>	<u>164,545</u>	<u>164,545</u>
Occupancy	-	15,838	15,838
Supplies	-	10,180	10,180
Administrative fees	-	-	-
Program expenses	-	18,990	18,990
Bank and merchant fees	-	2,968	2,968
Accounting fees	-	-	-
Website	-	2,253	2,253
Insurance	-	-	-
Postage and shipping	-	1,167	1,167
Other fundraising	-	-	-
Miscellaneous	-	1,366	1,366
Telephone	-	1,001	1,001
Printing and publications	-	-	-
Advertising	-	-	-
Conferences, conventions, and meetings	-	495	495
Dues and subscriptions	-	-	-
Total before noncash expenses	<u>281,075</u>	<u>722,195</u>	<u>1,003,270</u>
Bad debt expense	-	-	-
Depreciation	-	-	-
Total expenses	<u>\$ 281,075</u>	<u>\$ 722,195</u>	<u>\$ 1,003,270</u>

Federation Fund			Jewish Community Foundation		
Supporting Services			Fund Total	Fund Total	All Funds Total
General and Administrative	Fundraising	Total			
\$ -	\$ -	\$ -	\$ 281,075	\$ -	\$ 281,075
-	-	-	503,392	145,446	648,838
-	-	-	-	1,040,193	1,040,193
-	-	-	784,467	1,185,639	1,970,106
82,890	95,262	178,152	308,813	38,147	346,960
14,298	14,298	28,596	43,328	-	43,328
6,938	7,261	14,199	23,391	3,097	26,488
4,973	7,170	12,143	22,103	2,908	25,011
109,099	123,991	233,090	397,635	44,152	441,787
8,908	13,786	22,694	38,532	5,139	43,671
10,192	7,574	17,766	27,946	2,612	30,558
779	-	779	779	21,853	22,632
-	-	-	18,990	-	18,990
-	10,121	10,121	13,089	-	13,089
12,587	-	12,587	12,587	-	12,587
2,628	2,294	4,922	7,175	713	7,888
5,564	-	5,564	5,564	-	5,564
-	2,944	2,944	4,111	428	4,539
-	4,289	4,289	4,289	-	4,289
1,015	1,731	2,746	4,112	102	4,214
1,879	863	2,742	3,743	324	4,067
3,515	156	3,671	3,671	-	3,671
1,403	1,870	3,273	3,273	-	3,273
-	1,978	1,978	2,473	-	2,473
1,087	-	1,087	1,087	-	1,087
158,656	171,597	330,253	1,333,523	1,260,962	2,594,485
-	36,719	36,719	36,719	-	36,719
1,884	-	1,884	1,884	-	1,884
\$ 160,540	\$ 208,316	\$ 368,856	\$ 1,372,126	\$ 1,260,962	\$ 2,633,088

The accompanying Notes are an integral part of these financial statements

Jewish Federation of Greater Ann Arbor

Statements of Functional Expenses - All Funds

Year ended August 31, 2016

	Program Services		
	Overseas	Local Services	Total
Allocations to national organizations	\$ 307,766	\$ -	\$ 307,766
Allocations to local organizations	-	496,457	496,457
Donor-advised payments	-	-	-
Total grants and allocations	<u>307,766</u>	<u>496,457</u>	<u>804,223</u>
Salaries and wages	-	122,152	122,152
Fringe benefits	-	9,346	9,346
Payroll taxes	-	9,076	9,076
Total personnel costs	<u>-</u>	<u>140,574</u>	<u>140,574</u>
Occupancy	-	14,577	14,577
Administrative fees	-	-	-
Supplies	-	3,087	3,087
Program expenses	-	17,210	17,210
Bank and merchant fees	-	3,168	3,168
Conferences, conventions, and meetings	-	8,447	8,447
Accounting fees	-	-	-
Website	-	2,273	2,273
Advertising	-	-	-
Printing and publications	-	-	-
Miscellaneous	-	1,410	1,410
Postage and shipping	-	-	-
Insurance	-	78	78
Other fundraising	-	-	-
Telephone	-	906	906
Dues and subscriptions	-	-	-
Total before noncash expenses	<u>307,766</u>	<u>688,187</u>	<u>995,953</u>
Bad debt expense	-	-	-
Depreciation	-	-	-
Total expenses	<u>\$ 307,766</u>	<u>\$ 688,187</u>	<u>\$ 995,953</u>

Federation Fund			Jewish Community Foundation		
Supporting Services			Fund Total	Fund Total	All Funds Total
General and Administrative	Fundraising	Total			
\$ -	\$ -	\$ -	\$ 307,766	\$ -	\$ 307,766
-	-	-	496,457	83,151	579,608
-	-	-	-	340,100	340,100
-	-	-	804,223	423,251	1,227,474
80,086	85,702	165,788	287,940	33,478	321,418
6,601	5,869	12,470	21,816	3,395	25,211
5,543	6,318	11,861	20,937	2,471	23,408
92,230	97,889	190,119	330,693	39,344	370,037
8,671	12,720	21,391	35,968	4,741	40,709
264	-	264	264	31,247	31,511
8,815	5,218	14,033	17,120	1,100	18,220
-	-	-	17,210	-	17,210
-	10,389	10,389	13,557	-	13,557
-	1,297	1,297	9,744	-	9,744
9,340	-	9,340	9,340	-	9,340
1,878	3,709	5,587	7,860	724	8,584
2,078	6,077	8,155	8,155	-	8,155
3,047	3,020	6,067	6,067	-	6,067
1,023	2,451	3,474	4,884	121	5,005
3,598	523	4,121	4,121	428	4,549
3,765	471	4,236	4,314	28	4,342
-	3,193	3,193	3,193	-	3,193
323	810	1,133	2,039	294	2,333
315	-	315	315	-	315
135,347	147,767	283,114	1,279,067	501,278	1,780,345
-	16,865	16,865	16,865	-	16,865
1,831	-	1,831	1,831	-	1,831
\$ 137,178	\$ 164,632	\$ 301,810	\$ 1,297,763	\$ 501,278	\$ 1,799,041

The accompanying Notes are an integral part of these financial statements

Jewish Federation of Greater Ann Arbor

Statements of Cash Flows - All Funds

Increase (Decrease) in Cash and Cash Equivalents

Years ended August 31	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 220,903	\$ 843,691
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,884	1,831
Donated investments	-	(434,698)
Unrealized gains on investments	(137,960)	(51,682)
Realized gain on sale of investments	(3,505)	(1,086)
Increase of cash value of life insurance	(15,785)	(16,742)
Increase (decrease) from changes in assets and liabilities		
Prepaid expenses and other current assets	5,120	(37,173)
Net unconditional promises to give	75,377	(43,263)
Accounts payable and accrued expenses	(1,199)	(1,096)
Grants and allocations payable	(32,561)	(24,280)
Assets held as agency funds	302,239	80,735
Net cash provided by operating activities	<u>414,513</u>	<u>316,237</u>
Cash Flows From Investing Activities		
Transfers from restricted cash	6,307	1,266
Net investment purchases and reinvestments	(1,378,118)	(461,325)
Purchases of property and equipment	(1,271)	(1,093)
Net cash used by investing activities	<u>(1,373,082)</u>	<u>(461,152)</u>
Net Decrease in Cash and Cash Equivalents	(958,569)	(144,915)
Cash and Cash Equivalents, Beginning of Year	<u>1,918,136</u>	<u>2,063,051</u>
Cash and Cash Equivalents, End of Year	<u>\$ 959,567</u>	<u>\$ 1,918,136</u>

The accompanying Notes are an integral
part of these financial statements

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies

Nature of Operations. The Jewish Federation of Greater Ann Arbor ("the Federation") is a Michigan non-profit corporation organized to provide support for charitable, religious, and educational organizations. The Federation was formed effective January 1, 1987 through the combination of the United Jewish Appeal of Washtenaw County and the Jewish Community Council of Washtenaw County. The Federation's primary sources of revenue are private and public contributions, grants, and investment income.

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

Basis of Accounting. The financial statements of the Federation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Fund Financial Statements. Fund financial statements are designed to group related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements for the Federation include two funds: the Federation Fund and the Foundation Fund.

Federation Fund. Used to account for all Federation activities that are not included in the Foundation Fund. The majority of the Federation Fund's revenues are derived from the Federation's annual campaign. All grants awarded by the Federation are paid out of the Federation Fund, with the exception of those grants awarded through the Foundation Fund's donor advised funds. All other Federation expenses are paid out of the Federation Fund.

Jewish Community Foundation Fund ("the Foundation Fund"). Holds all investments of the Federation, including the donor advised fund and the temporarily and permanently restricted endowment funds. Contributions received and investment earnings are used to fund various grants and allocations.

Net Asset Restriction Classification. The Federation has adopted accounting standards which require that the Federation distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

Unrestricted net assets. Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets. Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Federation and/or the passage of time. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets.

Permanently restricted net assets. Net assets subject to donor-imposed stipulations that require the donated assets to be maintained permanently by the Foundation. Generally, the donors of these assets would permit the Foundation to use all or part of the income earned on the corpus for general or specific purposes.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies (continued)

Endowments. The State of Michigan enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was effective September 10, 2009. The provisions of this law apply to endowment funds existing on or established after that date. The Board of Directors, has determined that all of the Federation's current permanently restricted net assets meet the definition of endowment funds under UPMIFA, requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary.

The Federation's endowment funds consist of fifteen individual funds established for a variety of purposes and include both temporary and permanently restricted funds. As a result of the Federation's interpretation of UPMIFA, it generally 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, 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 UPMIFA. In accordance with UPMIFA, The Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Federation, and (7) the Federation's investment policies.

Endowment Investment Policies. The Federation has adopted investment policies that include a conservative risk tolerance to ensure the long-term stability of its endowment funds and to attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment Spending Policies. The Federation determines endowment distributions on June 30 of each year. This calculation is based on 5.5% of the average fund balance for the previous four calendar quarters (or current fund balance if the fund is less than one year old). The Federation will then have the following options:

- 1) Receive the calculated distribution as a lump sum in August.
- 2) Receive quarterly distributions during the ensuing fiscal year.
- 3) Transfer the calculated distribution into an agency account held by the Jewish Community Foundation of Greater Ann Arbor, which is a fund of the Federation.
- 4) Keep the calculated distribution in the endowment fund, at which time it will become part of the endowment corpus and not available for further distribution.

Distributions will not be made if doing so would bring the account value below the original permanently restricted endowment investment amount. Also, the executive director and/or board of directors may opt out of this annual transfer if the account value has recently fallen and/or for any other reason that is deemed to be in the best interests of the Federation and/or the endowment principal in the account.

Cash and Cash Equivalents. The Federation considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies (continued)

Restricted Cash. Restricted cash represents cash equivalents held within the United Jewish Federation of Greater Pittsburgh's Balanced Investment Portfolio ("the Fund") and are restricted for use within donor restricted, donor advised, and agency owned funds.

Unconditional Promises to Give. Contributions are recognized as support in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Allowance for Doubtful Pledges. Unconditional promises to give are stated net of allowances for doubtful pledges. Management provides for probable doubtful pledges through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual pledges. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to unconditional promises to give.

Allowance for Donor Advised Transfers. Unconditional promises to give are stated net of allowances for donor advised transfers. Management provides for probable donor advised transfers through a reduction of contributions and a corresponding adjustment to the allowance account based on its assessment of how individual pledges will be paid by donors.

Property and Equipment. It is the Federation's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are currently calculated at five to ten years for equipment, furniture, and fixtures, and three to five years for software. Depreciation expense for the years ended August 31, 2017 and 2016 was \$1,884 and \$1,831, respectively.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended August 31, 2017 and 2016.

Investments. The Federation's investments consist of funds held within the United Jewish Federation of Greater Pittsburgh's Balanced Investment Portfolio ("the Fund"), which consists of equity securities, debt securities, hedge funds, funds of funds, and private equity investments. The Federation's investments are stated at fair value. Fair value is 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. The Federation's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies (continued)

Fair Value Measurements. The Federation reports using fair value measurements which requires enhanced investment disclosures that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

Pooled Debt and Pooled Equity Securities and Mutual Funds. The Federation invests in pooled funds managed by the Jewish Federation of Greater Pittsburgh which contain securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, the Federation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in methodologies used as of August 31, 2017 and 2016.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies (continued)

In general, investments are exposed to various risks such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Donor Advised Funds. Individuals may establish donor advised funds, whereby each fund and its related earnings may be distributed to charities recommended by the donor. The final distributions are subject to the approval of the Federation. Donor advised funds are classified as unrestricted net assets in the accompanying financial statements.

Assets Held as Agency Funds. A fund established with a contribution from an organization for the benefit of the contributing organization is classified as an agency fund. The activity in agency funds is reported as a change in the liability "Assets Held for Agency Funds."

Contributions. Contributions are recognized when donations are received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Grants and contributions that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

In-kind Contributions. Donated goods and equipment are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation. In-kind contributions are used to support the mission of the Federation.

Contributed Services. The Federation records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

Advertising. The Federation expenses advertising costs, including donated advertising, as incurred. Total advertising expense for the years ended August 31, 2017 and 2016 was \$3,273 and \$8,155, respectively.

Income Taxes. The Federation is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Description of Program Services:

Overseas - The Federation's overseas funding supports the absorption of immigrants from around the world and their integration into Israeli society. This funding also supports impoverished Jewish communities in over 60 countries.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 1 – Nature of Federation and Significant Accounting Policies (continued)

Description of Program Services (continued):

Local Services - Local allocations support a network of beneficiary agencies in Ann Arbor and throughout Washtenaw County to support local Jewish life.

Jewish Community Foundation - The Federation's Jewish Community Foundation offers the Federation's members an opportunity to engage in planned giving and to make contributions beyond the scope of the Federation's annual campaign.

Description of Supporting Services:

Management and General - Includes the functions necessary to provide support to the Federation's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Reclassifications. Certain amounts from the financial statements for the year ended August 31, 2016 have been reclassified to conform with current year presentation, without affecting the change in net assets.

Subsequent Events. The Federation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through February 15, 2018, the date at which the financial statements were available for release.

Note 2 – Prior Period Adjustments

The Federation has recorded a prior period adjustment within the Federation Fund to establish an allowance for donor advised transfers to reflect that portion of unconditional promises at year-end that are estimated to be paid with payments from donor advised funds held by the Foundation Fund. The financial statements have been restated to decrease net unconditional promises to give and temporarily restricted net assets by \$243,728 as of September 1, 2015. Additionally, the accompanying financial statements have been restated to decrease support by \$27,147 for the year ended August 31, 2016 and to decrease net unconditional promises to give and temporarily restricted net assets by \$27,147 as of August 31, 2016.

The Federation has recorded an additional prior period adjustment within the Federation Fund to increase unrestricted net assets by \$27,972 and to decrease temporarily restricted net assets by \$27,972 as of September 1, 2015. The Federation has also recorded a prior period adjustment within the Foundation Fund to increase temporarily restricted net assets by \$11,981 and to decrease unrestricted net assets by \$11,981. These adjustments are recorded to reflect the proper timing of the increases to and releases of temporarily restricted net assets.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 3 – Unconditional Promises to Give

Unconditional promises to give at August 31, 2017 and August 31, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Unconditional promises to give due in less than one year	\$ 498,483	\$ 517,744
Unconditional promises to give due in one to five years	55,297	76,336
Less: allowance for donor advised transfers	(300,000)	(270,875)
Less: allowance for uncollectible pledges	(80,181)	(74,229)
Net unconditional promises to give	<u>\$ 173,599</u>	<u>\$ 248,976</u>

Note 4 – Fair Value Measurements

The following table summarizes the Federation's fair value of assets measured on a recurring basis by fair value hierarchy as of August 31, 2017 and 2016:

<u>As of August 31, 2017:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled equity fund	\$4,233,249	\$ -	\$ -	\$ 4,233,249
Pooled fixed income fund	1,707,964	-	-	1,707,964
Certificates of deposit	150,694	-	150,694	-
	<u>\$6,091,907</u>	<u>\$ -</u>	<u>\$ 150,694</u>	<u>\$ 5,941,213</u>

<u>As of August 31, 2016:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled equity fund	\$ 3,116,567	\$ -	\$ -	\$ 3,116,567
Pooled fixed income fund	1,305,351	-	-	1,305,351
Certificates of deposit	150,406	-	150,406	-
	<u>\$ 4,572,324</u>	<u>\$ -</u>	<u>\$ 150,406</u>	<u>\$ 4,421,918</u>

The changes in the investments for which the Federation has used Level 3 inputs to determine fair values are as follows:

	<u>Pooled Equity Fund</u>	<u>Pooled Fixed Income Fund</u>	<u>Total</u>
Balance at September 1, 2016	\$3,116,567	\$ 1,305,351	\$ 4,421,918
Purchase of investments	1,359,470	490,149	1,849,619
Sale of investments	(314,655)	(113,447)	(428,102)
Investment fees	(29,534)	(10,648)	(40,182)
Net appreciation (depreciation)	101,401	36,559	137,960
Balance at August 31, 2017	<u>\$4,233,249</u>	<u>\$ 1,707,964</u>	<u>\$ 5,941,213</u>
Balance at September 1, 2015	\$2,447,860	\$ 1,025,267	\$ 3,473,127
Purchase of investments	660,713	276,735	937,448
Sale of investments	(1,170)	(490)	(1,660)
Investment fees	(27,261)	(11,418)	(38,679)
Net appreciation (depreciation)	36,425	15,257	51,682
Balance at August 31, 2016	<u>\$3,116,567</u>	<u>\$ 1,305,351</u>	<u>\$ 4,421,918</u>

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 4 – Fair Value Measurements (continued)

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Federation evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. As of September 1, 2015, certificates in deposit totaling \$150,120 were transferred from cash and cash equivalents to level 2 of the fair value hierarchy.

Net investment earnings consisted of the following for the years ended August 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 202,073	\$ 62,887
Realized and unrealized losses on investments	<u>346,029</u>	169,015
	<u>\$ 548,102</u>	<u>\$ 231,902</u>

Note 5 – Cash Surrender Value of Life Insurance

Several donors have purchased life insurance policies, naming the Federation as owner of these policies. The donors pay the premiums as they become due, with the Federation retaining all rights of ownership with respect to each policy. Upon death of the covered employee, the proceeds are payable to the Federation. The amounts of the premiums attributable to the economic benefits of these policies were \$15,785 and \$16,742 and were recorded as income in the statements of activities for the years ended August 31, 2017 and 2016, respectively. The Federation incurred no life insurance expense with respect to these plans for the years then ended.

As owner of these policies, the Federation may, at its discretion, surrender these policies for their respective cash value. The total cash surrender value of these policies was \$290,191 and \$274,406 as of August 31, 2017 and 2016, respectively.

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 6 - Funds Invested on Behalf of Other Organizations

Included within the Federation's investments are funds held for other organizations which are on deposit with the United Jewish Federation of Greater Pittsburgh. The amounts of \$1,292,215 and \$989,976 are recorded as liabilities in the accompanying statements of financial position as of August 31, 2017 and 2016, respectively.

A summary of these funds, held for other organizations, is as follows at August 31:

	<u>2017</u>	<u>2016</u>
Samuel and Jean Frankel Endowment Fund	\$ 408,893	\$ 389,416
Beth Israel General Endowment Fund	372,018	192,227
Cantor Anne Rose Musical and Spirituality Endowment Fund of Temple Beth Emeth	277,486	243,081
Melvin and Lois Levy Endowment Fund	160,170	103,864
Gwen Budow Memorial Scholarship Fund	41,901	40,235
Rothchild Musical Instrument Endowment Fund	22,030	21,153
Endowment Fund II for Beth Israel Congregation	9,717	-
	<u>\$ 1,292,215</u>	<u>\$ 989,976</u>

Note 7 - Temporarily Restricted Net Assets

The balances of temporarily restricted net assets are as follows:

	<u>Sept 1, 2016</u>			<u>Aug 31, 2017</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Annual Campaign (Federation)	\$ 236,995	\$ 949,425	\$ 1,016,776	\$ 169,644
Purpose Restrictions (Federation)	2,690	43,000	34,002	11,688
Jewish Community Foundation of Greater Ann Arbor (Foundation)	2,097,523	191,026	1,081,517	1,207,032
Total	<u>\$2,337,208</u>	<u>\$ 1,183,451</u>	<u>\$ 2,132,295</u>	<u>\$ 1,388,364</u>
	<u>Sept 1, 2015</u>			<u>Aug 31, 2016</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Annual Campaign (Federation)	\$ 176,277	\$ 1,179,991	\$ 1,119,273	\$ 236,995
Purpose Restrictions (Federation)	-	2,690	-	2,690
Jewish Community Foundation of Greater Ann Arbor (Foundation)	1,068,311	1,127,361	98,149	2,097,523
Total	<u>\$1,244,588</u>	<u>\$ 2,310,042</u>	<u>\$ 1,217,422</u>	<u>\$ 2,337,208</u>

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 8 – Endowment Funds

Changes in the endowment funds are as follows for the years ended August 31, 2017 and 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, September 1, 2016	\$ 312,856	\$ 648,055	\$ 960,911
Contributions	51	3,683	3,734
Investment return	32,947	-	32,947
Distributions	(12,849)	-	(12,849)
Fees and other changes	<u>(2,725)</u>	<u>-</u>	<u>(2,725)</u>
Endowment net assets, August 31, 2017	<u>\$ 330,280</u>	<u>\$ 651,738</u>	<u>\$ 982,018</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, September 1, 2015	\$ 206,232	\$ 644,905	\$ 851,137
Contributions	100,000	3,150	103,150
Investment return	16,613	-	16,613
Distributions	(8,035)	-	(8,035)
Fees and other changes	<u>(1,954)</u>	<u>-</u>	<u>(1,954)</u>
Endowment net assets, August 31, 2016	<u>\$ 312,856</u>	<u>\$ 648,055</u>	<u>\$ 960,911</u>

Note 9 - Distributions to Beneficiaries

Distributions are paid to beneficiaries from board designated net assets (donor advised) and from unrestricted undesignated net assets (transferred from temporarily restricted net assets) in satisfaction of specific donor restrictions. A summary of distributions paid during the years ended August 31, 2017 and 2016 is as follows:

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 9 - Distributions to Beneficiaries (continued)

	<u>2017</u>	<u>2016</u>
American Friends of Tomer Devorah	\$ 7,000	\$ -
American Support for Israel	5,000	10,000
The Ark	50,000	-
Beth Israel Congregation	13,500	2,400
Beth Shalom B'nai Israel	2,590	2,590
Boca Raton Museum of Art	25,000	-
Chabad House	-	3,170
Conquer Cancer Foundation of America	10,000	-
Doctors without Borders USA	2,000	-
Eastern Michigan University	10,600	-
Family Learning Institute	-	1,100
Florida Atlantic University Foundation	50,000	50,000
Friends of Lakeland Trail	62,000	23,000
Habitat for Humanity of Huron Valley	10,000	-
Hebrew Day School	-	1,800
Hebron Fund	25,000	25,000
International Rescue Committee	1,000	2,000
JDC	-	2,000
Jewish Community Center of Greater Ann Arbor	31,600	11,500
Jewish Family Services of Washtenaw County	54,450	62,200
Jewish Federations of North America	95,819	-
Jewish Federation of Sarasota-Manatee	6,000	-
Jewish Federation of South Palm Beach County	20,000	10,000
Kalamazoo Co Parks and Recreation Development	200,000	-
Manhattan Theater Club	1,480	1,730
MIBB Educational Foundation	21,400	-
MI Physical Fitness Health and Sports Foundation	25,000	-
Michigan Theatre Foundation	2,800	-
Michigan Trails and Greenway Alliance	-	5,000
National Parkinson Foundation	5,000	5,000
Nesiya Institute	-	2,500
New Israel Fund	4,000	-
Planned Parenthood of America	6,250	10,000
Southern Poverty Law Center	5,250	-
Stand Among Friends	60,000	25,000
Temple Beth Emeth	6,872	4,840
Temple Shir Shalom	2,445	2,845
The St. Louis Center	100,000	-
United States Bridge Federation	18,000	-
University of Michigan - Various Programs	6,900	1,650
U of M Hillel	35,500	36,500
U of M Museum of Art	1,650	1,575
U of M Musical Society	2,000	2,500
Wayne State University	27,500	7,000
Various other charities	26,587	27,200
	<u>\$ 1,040,193</u>	<u>\$ 340,100</u>

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 10 - Commitments and Related Party Transactions

Related Parties. The Federation shares a minority percentage of common governance with the Jewish Community Center of Greater Ann Arbor ("JCC").

Allocations to Related Parties. The Federation awarded grant allocations to JCC totaling \$169,540 and \$174,000 for the years ended August 31, 2017 and 2016, respectively.

Shared Services Agreement. JCC paid the Federation \$17,849 and \$22,500 for accounting and administrative services during the years ended August 31, 2017 and 2016, respectively.

Operating Lease with Related Party. The Federation leases office space from JCC for its main office under an operating lease agreement. Effective September 1, 2014, this agreement became a month-to-month agreement with required current monthly payments of \$3,159. Rent expense, excluding utilities and other charges that were also paid to JCC, totaled \$43,671 and \$40,229 for the years ended August 31, 2017 and 2016, respectively.

Other Operating Lease. The Federation leases equipment under a noncancelable equipment lease. The lease requires monthly minimum payments of \$113 and expires in September 2021. Rent expense, excluding supplies and maintenance, under this lease agreement totaled \$339 for the year ended August 31, 2017.

Future annual minimum lease payments required under the aforementioned equipment lease agreement are as follows at August 31, 2017:

Year ended August 31	Amount
2018	\$ 1,358
2019	1,358
2020	1,358
2021	1,358
	<u>\$ 5,432</u>

Note 11 – Special Events

The Federation derived net losses from the following special fundraising events during the year ended August 31, 2017:

	Main Event	Other Events	Total
Gross sales and contributions	\$ 37,062	\$ 671	\$ 37,733
Direct costs	<u>(38,310)</u>	<u>(5,322)</u>	<u>(43,632)</u>
Net loss	<u>\$ (1,248)</u>	<u>\$ (4,651)</u>	<u>\$ (5,899)</u>

Jewish Federation of Greater Ann Arbor

Notes to Financial Statements

August 31, 2017 and 2016

Note 11 – Special Events (continued)

The Federation derived net revenue (loss) from the following special fundraising events during the year ended August 31, 2016:

	Main Event	Other Events	Total
Gross sales and contributions	\$ 39,777	\$ 6,253	\$ 46,030
Direct costs	(34,016)	(7,336)	(41,352)
Net revenue (loss)	<u>\$ 5,761</u>	<u>\$ (1,083)</u>	<u>\$ 4,678</u>

Note 12 – Retirement Plan

The Federation has a 403(b) plan covering substantially all of their employees. Employees are eligible to participate upon the date of hire. Contributions to the plan are made entirely at the discretion of the employee and are deducted, pre-tax, from the employee's paycheck. The Federation will match employees' contributions to a maximum of 5% of the employee's salary. Federation contributions to the plan totaled \$18,174 and \$16,836 for the years ended August 31, 2017 and 2016, respectively.

Note 13 – Concentration and Credit Risk

Bank Deposits. At certain times during the years ended August 31, 2017 and 2016, the Federation maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

Major Donor. The Foundation had one major individual donor who comprised approximately 30% of total support, gains, and revenue for the year ended August 31, 2016.

Geographical Concentration. The Federation receives a substantial amount of its support from within the area of Southeast Michigan.