Jewish Federation of the Lehigh Valley

Financial Statements

June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
Jewish Federation of the Lehigh Valley
Allentown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Jewish Federation of the Lehigh Valley, which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of the Lehigh Valley as of June 30, 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.

RKL LLP

November 20, 2017
Wyomissing, Pennsylvania

Jewish Federation of the Lehigh Valley

Statement of Financial Position

	June 30, 2017			June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current Assets						
Cash and cash equivalents	**$ 326,909**	**$ -**	**$ 326,909**	$ 220,558	$ -	$ 220,558
Accounts receivable	**7,206**	**-**	**7,206**	2,031	-	2,031
Accrued interest receivable	**1,924**	**-**	**1,924**	1,924	-	1,924
Cash surrender value of life insurance	**130,771**	**-**	**130,771**	113,251	-	113,251
Pledges receivable, net of allowance for uncollectible amounts 2017 $260,712; 2016 $297,640	**654,565**	**-**	**654,565**	869,263	-	869,263
Investments associated with agency funds	**-**	**6,845,021**	**6,845,021**	-	6,391,044	6,391,044
Prepaid expenses	**45,997**	**-**	**45,997**	31,342	-	31,342
Total Current Assets	**1,167,372**	**6,845,021**	**8,012,393**	1,238,369	6,391,044	7,629,413
Investments	**11,274,429**	**5,929,561**	**17,203,990**	10,595,996	5,472,029	16,068,025
Note Receivable						
Jewish Community Center of Allentown	**838,440**	**-**	**838,440**	838,440	-	838,440
Property and Equipment, Net of Accumulated Depreciation 2017 $287,045; 2016 $278,522	**18,847**	**-**	**18,847**	23,028	-	23,028
Total Assets	**$ 13,299,088**	**$ 12,774,582**	**$ 26,073,670**	$ 12,695,833	$ 11,863,073	$ 24,558,906

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Financial Position (continued)

	June 30, 2017			June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	**$ 61,519**	**$ -**	**$ 61,519**	$ 96,894	$ -	$ 96,894
Provisions for grants	**365,056**	**-**	**365,056**	355,095	-	355,095
Allocations payable	**1,470,908**	**-**	**1,470,908**	1,548,288	-	1,548,288
Deferred pledges	**31,652**	**-**	**31,652**	30,176	-	30,176
Liabilities under trust and annuity agreements	**-**	**198,832**	**198,832**	-	212,637	212,637
Agency funds held for others	**-**	**6,845,021**	**6,845,021**	-	6,391,044	6,391,044
Total Current Liabilities	**1,929,135**	**7,043,853**	**8,972,988**	2,030,453	6,603,681	8,634,134
Net Assets						
Unrestricted, other	**8,977,154**	**-**	**8,977,154**	8,651,254	-	8,651,254
Unrestricted, board-designated	**2,392,799**	**-**	**2,392,799**	2,014,126	-	2,014,126
	11,369,953	**-**	**11,369,953**	10,665,380	-	10,665,380
Temporarily restricted	**-**	**5,730,729**	**5,730,729**	-	5,259,392	5,259,392
Total Net Assets	**11,369,953**	**5,730,729**	**17,100,682**	10,665,380	5,259,392	15,924,772
Total Liabilities and Net Assets	**$ 13,299,088**	**$ 12,774,582**	**$ 26,073,670**	$ 12,695,833	$ 11,863,073	$ 24,558,906

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Activities

	Year Ended June 30, 2017			Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Change in Net Assets						
Revenues						
Annual campaign contributions	**$ 2,213,287**	**$ -**	**$ 2,213,287**	$ 2,198,819	$ -	$ 2,198,819
Other contributions	**144,960**	**538,197**	**683,157**	-	436,398	436,398
Investment income (loss)	**1,189,464**	**648,107**	**1,837,571**	(33,522)	(60,662)	(94,184)
Event income	**128,564**	**-**	**128,564**	90,360	-	90,360
Hakol income	**139,193**	**-**	**139,193**	98,008	-	98,008
Pomegranate pin income	**4,580**	**-**	**4,580**	2,873	-	2,873
Other donations	**36,892**	**-**	**36,892**	12,550	-	12,550
Change in cash surrender value of life insurance	**17,520**	**-**	**17,520**	5,795	-	5,795
Total revenues	**3,874,460**	**1,186,304**	**5,060,764**	2,374,883	375,736	2,750,619
Net assets released from restrictions	**714,967**	**(714,967)**	**-**	625,246	(625,246)	-
Total revenues and other support	**4,589,427**	**471,337**	**5,060,764**	3,000,129	(249,510)	2,750,619
Functional expenses						
Programs	**3,079,855**	**-**	**3,079,855**	2,738,885	-	2,738,885
Administrative	**424,523**	**-**	**424,523**	465,955	-	465,955
Fund-raising	**380,476**	**-**	**380,476**	370,969	-	370,969
Total functional expenses	**3,884,854**	**-**	**3,884,854**	3,575,809	-	3,575,809
Change in Net Assets	**704,573**	**471,337**	**1,175,910**	(575,680)	(249,510)	(825,190)
Net Assets at Beginning of Year	**10,665,380**	**5,259,392**	**15,924,772**	11,241,060	5,508,902	16,749,962
Net Assets at End of Year	**$ 11,369,953**	**$ 5,730,729**	**$ 17,100,682**	$ 10,665,380	$ 5,259,392	$ 15,924,772

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Cash Flows

	Years Ended June 30, 2017	2016
Cash Flows from Operating Activities		
Change in net assets	**$ 1,175,910**	$ (825,190)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**8,523**	5,926
Bad debts	**19,000**	15,000
Realized (gain) loss on sale of investments	**(41,597)**	152,204
Unrealized (gain) loss on investments	**(1,298,115)**	366,414
(Increase) decrease in assets		
Accounts receivable	**(5,175)**	84,419
Pledges receivable	**195,698**	25,342
Prepaid expenses	**(14,655)**	(10,640)
Increase (decrease) in liabilities		
Accounts payable	**(35,375)**	2,848
Provisions for grants	**9,961**	1,013
Allocations payable	**(77,380)**	(73,961)
Deferred pledges	**1,476**	(16,834)
Liabilities under trust and annuity agreements	**(13,805)**	(9,220)
Agency funds held for others	**453,977**	(997,443)
Net Cash Provided by (Used in) Operating Activities	**378,443**	(1,280,122)
Cash Flows from Investing Activities		
Increase in cash surrender value of life insurance	**(17,520)**	(5,795)
Purchase of investments	**(5,376,229)**	(3,649,019)
Cash proceeds from sale of investments	**5,125,999**	4,909,257
Purchase of equipment	**(4,342)**	(12,354)
Net Cash Provided by (Used in) Investing Activities	**(272,092)**	1,242,089
Net Increase (Decrease) in Cash and Cash Equivalents	**106,351**	(38,033)
Cash and Cash Equivalents at Beginning of Year	**220,558**	258,591
Cash and Cash Equivalents at End of Year	**$ 326,909**	$ 220,558
Supplemental Cash Flows Information, Noncash Transactions		
Imputed interest income on note receivable	**$ 19,913**	$ 20,926
Contribution expense for imputed interest	**$ 19,913**	$ 20,926

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Functional Expenses

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Programs	Administrative	Fund-Raising	Total	Programs	Administrative	Fund-Raising	Total
Allocations and grants	**$ 2,473,780**	**$ -**	**$ -**	**$ 2,473,780**	$ 2,282,153	$ -	$ -	$ 2,282,153
Annuity payments	**-**	**18,834**	**-**	**18,834**	-	26,021	-	26,021
Hakol expenses	**109,021**	**-**	**-**	**109,021**	73,367	-	-	73,367
Israel missions	**-**	**-**	**-**	**-**	1,144	-	-	1,144
P2K	**13,409**	**-**	**-**	**13,409**	8,801	-	-	8,801
Donor cultivation	**-**	**-**	**587**	**587**	-	-	578	578
Salaries and wages	**283,402**	**232,535**	**210,735**	**726,672**	251,180	258,356	208,120	717,656
Fringe benefits	**46,515**	**38,166**	**34,588**	**119,269**	35,175	36,180	29,146	100,501
Payroll taxes	**21,485**	**17,629**	**15,977**	**55,091**	17,975	18,489	14,894	51,358
Retirement	**16,729**	**13,727**	**12,440**	**42,896**	16,734	17,212	13,866	47,812
Meetings and conferences	**16,653**	**10,049**	**59,075**	**85,777**	18,623	12,859	56,804	88,286
Depreciation	**-**	**8,523**	**-**	**8,523**	-	5,926	-	5,926
Repairs and maintenance	**-**	**2,868**	**-**	**2,868**	-	3,646	-	3,646
Telephone	**896**	**896**	**924**	**2,716**	599	599	617	1,815
Transportation	**67,119**	**4,463**	**1,240**	**72,822**	846	7,618	2,116	10,580
Dues and subscriptions	**-**	**2,900**	**-**	**2,900**	-	3,065	-	3,065
Postage	**1,040**	**1,034**	**1,555**	**3,629**	826	1,768	2,593	5,187
Printing	**1,079**	**1,079**	**840**	**2,998**	573	573	447	1,593
Continuing education	**-**	**13,465**	**-**	**13,465**	-	23,134	-	23,134
Staff interview and relocation	**-**	**-**	**-**	**-**	-	2,320	-	2,320
Professional fees	**-**	**27,600**	**-**	**27,600**	-	26,600	-	26,600
Custodial fees	**-**	**42,239**	**-**	**42,239**	-	21,567	-	21,567
Computer expense	**3,391**	**6,705**	**3,702**	**13,798**	5,479	9,541	4,688	19,708
Occupancy	**11,438**	**9,385**	**8,505**	**29,328**	9,870	10,152	8,178	28,200
Office supplies	**3,097**	**2,987**	**2,747**	**8,831**	2,473	2,895	2,399	7,767
Insurance	**2,997**	**2,459**	**2,229**	**7,685**	2,855	2,937	2,366	8,158
Public relations	**1,848**	**1,848**	**1,904**	**5,600**	3,443	3,443	3,548	10,434
Contribution	**-**	**19,913**	**-**	**19,913**	-	20,926	-	20,926
Bad debts	**-**	**-**	**19,000**	**19,000**	-	-	15,000	15,000
Other	**5,956**	**4,901**	**4,428**	**15,285**	6,769	7,313	5,609	19,691
Expenses allocated to agency funds	**-**	**(59,682)**	**-**	**(59,682)**	-	(57,185)	-	(57,185)
	$ 3,079,855	**$ 424,523**	**$ 380,476**	**$ 3,884,854**	$ 2,738,885	$ 465,955	$ 370,969	$ 3,575,809

See accompanying notes.

Note 1 - Nature of Activities

The Jewish Federation of the Lehigh Valley (the Organization) furthers the welfare of the Jewish community; solicits, collects, and otherwise raises money for philanthropic, social, cultural, educational, and religious purposes; reviews and determines the obligations, responsibilities, and effectiveness of all agencies requesting appropriations; and coordinates the fund-raising activities of Jewish agencies, local, national, and overseas to foster their cooperation.

The Lehigh Valley Jewish Foundation is a committee of the Organization which raises and maintains the investments of the Organization.

The Organization qualifies as a tax-exempt organization under the provision of the Internal Revenue Code Section 501(c)(3), therefore, the Organization's income is not subject to federal or state income taxes.

Note 2 - Summary of Significant Accounting Policies

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

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 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, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The accrual method of accounting is utilized.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all cash in bank accounts and money market funds to be cash and cash equivalents on the accompanying statement of financial position. This excludes cash and cash equivalents held for long-term investment purposes.

Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts based on the current and historical experience of uncollectible amounts charged off. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give are not included as support until the conditions are substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances.

Investments

Investments are carried at fair value. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Property and Equipment

Expenditures for the acquisition of equipment and leasehold improvements are capitalized at cost. The fair value of donated property and equipment at the date of gift is similarly capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs of equipment and leasehold improvements are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of equipment and leasehold improvements, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

The Organization's policy is to capitalize property and equipment expenditures of $1,000 or more.

Note 2 - Summary of Significant Accounting Policies (continued)

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discounted rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during 2017 and 2016.

Income Taxes

As a not-for-profit organization, the Organization is generally exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income.

The Organization recognizes penalties and interest accrued related to income tax liabilities in the provision (benefit) for income taxes in its statement of activities. At June 30, 2017 and 2016, there were no accruals for the payment of penalties and interest.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Organization files tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns are not subject to examination through the year ended June 30, 2013.

Functional Allocation of Expenses

The costs of providing the various programs, fund-raising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, administrative, and fund-raising activities benefited.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for fiscal years beginning after December 15, 2019.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for not-for-profit entities. The standard improves current requirements related to net asset classifications, liquidity assessment, expense reporting consistency, and methods used to present cash flows from operations. This guidance is effective for fiscal years beginning after December 15, 2017.

The Organization is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

Note 3 - Pledges Receivable

Unconditional promises to give to the Organization consisted of the following at June 30:

	2017	**2016**
Unrestricted promises to give due in less than one year, net of allowance for uncollectible amounts 2017 $260,712; 2016 $297,640	**$ 654,565**	$ 869,263

Note 4 - Investments

The following is a summary of the Organization's investments as of June 30:

	2017	2016
Cash and cash equivalents	**$ 219,866**	$ 90,443
Mutual funds	**19,558,532**	19,026,305
Equities	**807,149**	70,689
Debt securities	**3,405,959**	3,213,588
Annuity	**57,505**	58,044
	23,829,145	22,368,626
	$ 24,049,011	$ 22,459,069

Investment income (loss) from cash and cash equivalents and investments was comprised of the following for the years ended June 30:

2017	Unrestricted	Temporarily Restricted	Total
Interest and dividends	**$ 341,165**	**$ 156,694**	**$ 497,859**
Net realized gains	**27,584**	**14,013**	**41,597**
Net unrealized gains	**820,715**	**477,400**	**1,298,115**
	$ 1,189,464	**$ 648,107**	**$ 1,837,571**
2016			
Interest and dividends	$ 291,123	$ 133,311	$ 424,434
Net realized losses	(100,406)	(51,798)	(152,204)
Net unrealized losses	(224,239)	(142,175)	(366,414)
	$ (33,522)	$ (60,662)	$ (94,184)

Note 5 - Fair Value of Financial Instruments

The Organization defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurement. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following tables present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30:

	Fair Value Measurements at June 30, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds				
Ultrashort bond	$ 294,562	$ -	$ -	$ 294,562
High yield bond	2,056,177	-	-	2,056,177
Bank loan	583,543	-	-	583,543
Large blend	6,987,477	-	-	6,987,477
Small blend	473,065	-	-	473,065
Foreign large growth	1,051,435	-	-	1,051,435
Foreign large blend	3,080,304	-	-	3,080,304
Diversified emerging markets	777,148	-	-	777,148
Global real estate	774,316	-	-	774,316
Utilities	1,256,706	-	-	1,256,706
Real estate	793,260			793,260
Corporate bond	627,280	-	-	627,280
Intermediate government	611,128	-	-	611,128
Equity energy	10,178	-	-	10,178
Healthcare	59,158	-	-	59,158
Large growth	33,089	-	-	33,089
Mid-Cap blend	89,706	-	-	89,706
Equity Securities				
Technology	130,400	-	-	130,400
Financial	203,023	-	-	203,023
Industrial goods	172,109	-	-	172,109
Consumer goods	52,934	-	-	52,934

Note 5 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at June 30, 2017 (continued)			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity Securities (continued)				
Services	$ 197,540	$ -	$ -	$ 197,540
Healthcare	34,824	-	-	34,824
Basic materials	16,319	-	-	16,319
Debt Securities				
International	-	2,040,000	-	2,040,000
U.S. government agency, Moody's Aaa	-	1,365,959	-	1,365,959
Annuity	-	-	57,505	57,505
	$ 20,365,681	$ 3,405,959	$ 57,505	$ 23,829,145

	Fair Value Measurements at June 30, 2016			
Mutual Funds				
Ultrashort bond	$ 667,296	$ -	$ -	$ 667,296
High Yield bond	1,968,726	-	-	1,968,726
Bank loan	515,268	-	-	515,268
Large blend	7,358,013	-	-	7,358,013
Small blend	1,181,547	-	-	1,181,547
Foreign large growth	898,512	-	-	898,512
Foreign large blend	2,737,886	-	-	2,737,886
Diversified emerging markets	778,713	-	-	778,713
Global real estate	751,710	-	-	751,710
Utilities	1,155,812	-	-	1,155,812
Corporate bond	421,707	-	-	421,707
Intermediate government	428,312	-	-	428,312
Equity energy	10,289	-	-	10,289
Healthcare	52,996	-	-	52,996
Large growth	24,248	-	-	24,248
Mid-Cap blend	75,270	-	-	75,270
Equity Securities				
Software - infrastructure	69,080	-	-	69,080
Financial	1,609	-	-	1,609
Debt Securities				
International	-	2,040,000	-	2,040,000
U.S. government agency, Moody's Aaa	-	1,173,588	-	1,173,588
Annuity	-	-	58,044	58,044
	$ 19,096,994	$ 3,213,588	$ 58,044	$ 22,368,626

Note 5 - Fair Value of Financial Instruments (continued)

The following are descriptions of the valuation methodologies used for Level 2 investments measured at fair value:

International debt securities are valued at cost, which approximates fair value.

U.S. Government securities are valued using pricing models maximizing the use of observable inputs for similar securities.

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. For the years ended June 30, 2017 and 2016, there were no significant transfers between fair value levels.

For assets falling within Level 3 in the fair value hierarchy, the activity recognized consists of the following for the years ended June 30:

Balance as of June 30, 2015	$ 58,557
Unrealized gain	2,928
Receipt from annuity	(3,441)
Balance as of June 30, 2016	**58,044**
Unrealized gain	**2,902**
Receipt from annuity	**(3,441)**
Balance as of June 30, 2017	**$ 57,505**

The fair value of the Level 3 asset is based on the present value of the estimated future cash flows under the terms of the agreement.

Note 6 - Note Receivable, Jewish Community Center of Allentown

The Organization entered into a secured promissory note in the maximum amount of $840,000 with the Jewish Community Center of Allentown (JCC). The note is dated June 10, 2010, bears no interest, and was advanced over five years. The loan was amended on March 30, 2015 to extend the loan to be due upon the earlier of December 1, 2017 or such time as the real estate and facilities situated at 22nd and Tilghman Streets, Allentown, Pennsylvania, are sold. The note is secured by all assets and revenues of the JCC subordinated to certain bank debt. Interest income was imputed on the note at the applicable federal rate in the amount of $19,913 and $20,926 and recorded as a contribution to the JCC of the same amount for the years ended June 30, 2017 and 2016, respectively. $838,440 was advanced on the note for both years ended June 30, 2017 and 2016.

Note 7 - Property and Equipment

A summary of property and equipment is as follows at June 30:

	2017	2016
Furniture and fixtures	**$ 49,867**	$ 49,867
Office equipment	**140,625**	136,283
Computer software	**44,481**	44,481
Leasehold improvements	**70,919**	70,919
	305,892	301,550
Accumulated depreciation	**(287,045)**	(278,522)
	$ 18,847	$ 23,028

Note 8 - Investments Held in Trust and Liabilities under Trust and Annuity Agreements

The Organization is currently serving as the trustee and beneficiary of a charitable remainder unitrust and seven charitable gift annuities. The trust assets are recognized as temporarily restricted investments of $285,210 and $288,620 held in trust at June 30, 2017 and 2016, respectively. Temporarily restricted liabilities of $198,832 and $212,637 at June 30, 2017 and 2016, respectively, under trust and annuity agreements represent the present value of expected future cash flows to be paid to the donor based on the donors' life expectancies at interest rates ranging from 5.2% to 10.0%.

Note 9 - Cash Surrender Value of Life Insurance

The Organization is the owner and beneficiary of life insurance policies which were contributed to the Organization and have a face value of $725,000, and cash values of $130,771 and $113,251 at June 30, 2017 and 2016, respectively.

Note 10 - Agency Funds Held for Others

Amounts held by the Organization as agency funds for other organizations were $6,845,021 and $6,391,044 at June 30, 2017 and 2016, respectively.

Note 11 - Unrestricted, Board-Designated Net Assets

Unrestricted, board-designated net assets of the Organization consist of funds that are not subject to donor-imposed stipulations, but have been designated by the Board of Directors for specific purposes. Unrestricted, board-designated net assets totaling $2,392,799 and $2,014,126 were available as of June 30, 2017 and 2016, respectively.

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30:

	2017	2016
Supporting foundations	**$ 2,461,185**	$ 2,210,865
Trusts and annuities	**143,882**	134,027
Donor designated	**2,813,367**	2,631,526
Other funds	**312,295**	282,974
	$ 5,730,729	$ 5,259,392

Note 13 - Retirement Plan

The Organization has established a defined contribution retirement plan for the benefit of its employees. The plan is noncontributory and is administered by a local securities broker. Under the plan, a predetermined contribution is made to the account of each individual employee, based on annual compensation levels, and accrued for their benefit. An employee must have reached the age of 21 and have one year of service with the Organization before they can participate in the plan. For the years ended June 30, 2017 and 2016, the Organization contributed an amount equal to 7% of the employees' compensation which was $42,896 and $47,812, respectively.

Note 14 - Contingencies

Credit Risk

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization has investments of $24,049,011 at June 30, 2017 which are managed by professional advisors and are subject to the Organization's investment policies. The degree and concentration of credit risk varies by type of investment, however, the Organization does not anticipate any accounting loss. The major classes of investments are summarized in Note 4.

Note 14 - Contingencies (continued)

Credit Risk (continued)

Pledges Receivable

At June 30, 2017, the Organization has pledges receivable of $654,565 from individuals and businesses located primarily in the Lehigh Valley area of Pennsylvania. The Organization has credit risk due to the geographic concentration of its donors, however, the Organization does not anticipate any accounting loss.

Note 15 - Related Party Transactions

The Organization has had, and may be expected to have in the future, transactions in the ordinary course of business with directors and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the financial statements.

The Organization has six common Board members with the Jewish Community Center of Allentown and has paid rent of $29,328 and $28,200 for the years ended June 30, 2017 and 2016, respectively. Additionally, the Organization has provided annual support of $321,798 to the Jewish Community Center of Allentown for both years ended June 30, 2017 and 2016. The Organization also entered into a note receivable with the Jewish Community Center of Allentown as described in Note 6.

Note 16 - Reclassification of 2016 Financial Statements

Certain items on the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation.

Note 17 - Subsequent Events

The Organization has evaluated subsequent events through November 20, 2017. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2017 were noted.