Jewish Federation of the Lehigh Valley

Financial Statements

June 30, 2015 and 2014

REINSEL KUNTZ LESHER
certified public accountants & consultants

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Jewish Federation of the Lehigh Valley

Table of Contents
June 30, 2015 and 2014

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 and 4
Statement of Activities	5
Statement of Cash Flows	6 and 7
Statement of Functional Expenses	8
Notes to Financial Statements	9 to 18

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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, 2015 and 2014, 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.

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Auditor's Responsibility (continued)

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 the Lehigh Valley as of June 30, 2015 and 2014, 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.

November 24, 2015
Wyomissing, Pennsylvania

Jewish Federation of the Lehigh Valley

Statement of Financial Position

	June 30, 2015			June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current Assets						
Cash and cash equivalents	**$ 258,591**	**$ -**	**$ 258,591**	$ 504,207	$ -	$ 504,207
Accounts receivable	**86,450**	**-**	**86,450**	5,025	-	5,025
Accrued interest receivable	**1,924**	**-**	**1,924**	1,924	-	1,924
Cash surrender value of life insurance	**107,456**	**-**	**107,456**	95,977	-	95,977
Pledges receivable, net of allowance for uncollectible amounts 2015 $284,105; 2014 $262,427	**909,605**	**-**	**909,605**	837,484	-	837,484
Investments associated with agency funds	**-**	**7,388,487**	**7,388,487**	-	7,757,270	7,757,270
Prepaid expenses	**20,702**	**-**	**20,702**	31,044	-	31,044
Total Current Assets	**1,384,728**	**7,388,487**	**8,773,215**	1,475,661	7,757,270	9,232,931
Investments	**11,118,679**	**5,730,759**	**16,849,438**	11,316,338	5,447,042	16,763,380
Note Receivable						
Jewish Community Center of Allentown	**838,440**	**-**	**838,440**	712,440	-	712,440
Property and Equipment, Net of Accumulated Depreciation 2015 $272,596; 2014 $267,191	**16,600**	**-**	**16,600**	20,751	-	20,751
Total Assets	**$ 13,358,447**	**$ 13,119,246**	**$ 26,477,693**	$ 13,525,190	$ 13,204,312	$ 26,729,502

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Financial Position (continued)

	June 30, 2015			June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	**$ 94,046**	**$ -**	**$ 94,046**	$ 50,057	$ -	$ 50,057
Provisions for grants	**354,082**	**-**	**354,082**	337,886	-	337,886
Allocations payable	**1,622,249**	**-**	**1,622,249**	1,725,972	-	1,725,972
Deferred pledges	**47,010**	**-**	**47,010**	27,668	-	27,668
Liabilities under trust and annuity agreements	**-**	**221,857**	**221,857**	-	232,444	232,444
Agency funds held for others	**-**	**7,388,487**	**7,388,487**	-	7,757,270	7,757,270
Total Current Liabilities	**2,117,387**	**7,610,344**	**9,727,731**	2,141,583	7,989,714	10,131,297
Net Assets						
Unrestricted, other	**9,106,779**	**-**	**9,106,779**	9,215,901	-	9,215,901
Unrestricted, board-designated	**2,134,281**	**-**	**2,134,281**	2,167,706	-	2,167,706
	11,241,060	**-**	**11,241,060**	11,383,607	-	11,383,607
Temporarily restricted	**-**	**5,508,902**	**5,508,902**	-	5,214,598	5,214,598
Total Net Assets	**11,241,060**	**5,508,902**	**16,749,962**	11,383,607	5,214,598	16,598,205
Total Liabilities and Net Assets	**$ 13,358,447**	**$ 13,119,246**	**$ 26,477,693**	$ 13,525,190	$ 13,204,312	$ 26,729,502

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Activities

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenues:						
Annual campaign contributions	**$ 2,311,291**	**$ -**	**$ 2,311,291**	$ 2,221,717	$ -	$ 2,221,717
Other contributions	**151,832**	**655,185**	**807,017**	204,440	474,281	678,721
Investment income	**313,119**	**154,713**	**467,832**	1,696,285	825,914	2,522,199
Event income	**123,922**	**-**	**123,922**	105,111	-	105,111
Hakol income	**125,017**	**-**	**125,017**	147,693	-	147,693
Campaign awards income	**290,262**	**-**	**290,262**	12,302	-	12,302
Change in cash surrender value of life insurance	**11,479**	**-**	**11,479**	18,436	-	18,436
Total revenues	**3,326,922**	**809,898**	**4,136,820**	4,405,984	1,300,195	5,706,179
Net assets released from restrictions	**515,594**	**(515,594)**	**-**	777,590	(777,590)	-
Total revenues and other support	**3,842,516**	**294,304**	**4,136,820**	5,183,574	522,605	5,706,179
Functional expenses:						
Programs	**3,117,262**	**-**	**3,117,262**	2,995,760	-	2,995,760
Administrative	**504,951**	**-**	**504,951**	498,790	-	498,790
Fund-raising	**362,850**	**-**	**362,850**	370,399	-	370,399
Total functional expenses	**3,985,063**	**-**	**3,985,063**	3,864,949	-	3,864,949
Reclassification of net assets	**-**	**-**	**-**	(397,891)	397,891	-
Change in Net Assets	**(142,547)**	**294,304**	**151,757**	920,734	920,496	1,841,230
Net Assets at Beginning of Year	**11,383,607**	**5,214,598**	**16,598,205**	10,462,873	4,294,102	14,756,975
Net Assets at End of Year	**$ 11,241,060**	**$ 5,508,902**	**$ 16,749,962**	$ 11,383,607	$ 5,214,598	$ 16,598,205

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Cash Flows

	Years Ended June 30, 2015	2014
Cash Flows from Operating Activities		
Change in net assets	**$ 151,757**	$ 1,841,230
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**5,405**	5,739
Bad debts	**23,000**	41,500
Realized gain on sale of investments	**(1,258,888)**	(1,825,032)
Unrealized gain on investments	**1,288,425**	(212,284)
Increase in fair value of investments in agency funds held for others	**202,364**	1,191,464
(Increase) decrease in assets:		
Accounts receivable	**(81,425)**	3,619
Pledges receivable	**(95,121)**	59,791
Prepaid expenses	**10,342**	1,272
Increase (decrease) in liabilities:		
Accounts payable	**43,989**	(41,271)
Provisions for grants	**16,196**	9,218
Allocations payable	**(103,723)**	74,457
Deferred pledges	**19,342**	19,989
Liabilities under trust and annuity agreements	**(10,587)**	156,757
Fund-raising	**(571,147)**	(342,266)
Net Cash Provided by (Used in) Operating Activities	**(360,071)**	984,183
Cash Flows from Investing Activities		
Increase in cash surrender value of life insurance	**(11,479)**	(18,436)
Purchase of investments	**(16,615,698)**	(30,328,476)
Cash proceeds from sale of investments	**16,868,886**	29,947,798
Purchase of equipment	**(1,254)**	(5,384)
Increase in note receivable	**(126,000)**	(144,000)
Net Cash Provided by (Used in) Investing Activities	**114,455**	(548,498)
Net Increase (Decrease) in Cash and Cash Equivalents	**(245,616)**	435,685
Cash and Cash Equivalents at Beginning of Year	**504,207**	68,522
Cash and Cash Equivalents at End of Year	**$ 258,591**	$ 504,207

See accompanying notes.

Jewish Federation of the Lehigh Valley

Statement of Cash Flows (continued)

	Years Ended June 30, 2015	2014
Supplemental Cash Flow Information, Noncash Transactions		
Imputed interest income on note receivable	**$ 20,798**	$ 21,029
Contribution expense for imputed interest	**$ 20,798**	$ 21,029

Jewish Federation of the Lehigh Valley

Statement of Functional Expenses

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Programs	**Administrative**	**Fund-Raising**	**Total**	**Programs**	**Administrative**	**Fund-Raising**	**Total**
Allocations and grants	**$ 2,592,024**	**$ -**	**$ -**	**$ 2,592,024**	$ 2,493,225	$ -	$ -	$ 2,493,225
Annuity payments	**-**	**17,997**	**-**	**17,997**	-	20,083	-	20,083
Hakol expenses	**103,868**	**-**	**-**	**103,868**	88,940	-	-	88,940
Israel missions	**3,058**	**-**	**-**	**3,058**	-	-	-	-
P2K	**10,122**	**-**	**-**	**10,122**	18,536	-	-	18,536
Donor cultivation	**-**	**-**	**2,760**	**2,760**	-	-	1,985	1,985
Salaries and wages	**260,871**	**268,325**	**216,151**	**745,347**	260,637	268,083	215,956	744,676
Fringe benefits	**32,209**	**33,129**	**26,688**	**92,026**	29,989	30,846	24,847	85,682
Payroll taxes	**18,916**	**19,456**	**15,673**	**54,045**	18,874	19,414	15,639	53,927
Retirement	**19,050**	**19,594**	**15,785**	**54,429**	15,373	15,813	12,738	43,924
Meetings and conferences	**47,394**	**32,725**	**33,789**	**113,908**	40,675	28,086	28,466	97,227
Depreciation	**-**	**5,405**	**-**	**5,405**	-	5,739	-	5,739
Repairs and maintenance	**-**	**4,925**	**-**	**4,925**	-	6,139	-	6,139
Telephone	**798**	**798**	**821**	**2,417**	745	834	767	2,346
Transportation	**612**	**5,504**	**1,529**	**7,645**	634	5,702	1,584	7,920
Dues and subscriptions	**-**	**4,008**	**-**	**4,008**	-	2,111	-	2,111
Postage	**699**	**1,480**	**2,177**	**4,356**	855	2,199	3,054	6,108
Printing	**504**	**504**	**393**	**1,401**	961	961	747	2,669
Continuing education	**-**	**24,498**	**-**	**24,498**	-	16,439	-	16,439
Staff interview and relocation	**-**	**1,541**	**-**	**1,541**	-	8,127	-	8,127
Professional fees	**-**	**25,600**	**-**	**25,600**	-	20,000	-	20,000
Fund-raising	**-**	**44,364**	**-**	**44,364**	-	43,073	-	43,073
Computer expense	**3,677**	**6,901**	**3,645**	**14,223**	4,659	8,139	4,012	16,810
Occupancy	**9,853**	**10,135**	**8,164**	**28,152**	9,660	9,936	8,004	27,600
Office supplies	**2,439**	**3,180**	**2,691**	**8,310**	3,182	3,537	2,900	9,619
Insurance	**2,038**	**2,096**	**1,688**	**5,822**	1,803	1,855	1,494	5,152
Public relations	**1,646**	**1,646**	**1,695**	**4,987**	4,073	4,148	4,272	12,493
Contribution	**-**	**20,798**	**-**	**20,798**	-	21,029	-	21,029
Bad debts	**-**	**-**	**23,000**	**23,000**	-	-	41,500	41,500
Other	**7,484**	**8,498**	**6,201**	**22,183**	2,939	3,026	2,434	8,399
Expenses allocated to agency funds	**-**	**(58,156)**	**-**	**(58,156)**	-	(46,529)	-	(46,529)
	$ 3,117,262	**$ 504,951**	**$ 362,850**	**$ 3,985,063**	$ 2,995,760	$ 498,790	$ 370,399	$ 3,864,949

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.

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 2015 and 2014.

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, 2015 and 2014, 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 be ultimately 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, 2011.

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 3 - Pledges Receivable

At June 30, 2015 and 2014, unconditional promises to give to the Organization consisted of the following:

	2015	2014
Unrestricted promises to give due in less than one year, net of allowance for uncollectible amounts 2015 $284,105; 2014 $262,427	**$ 909,605**	$ 837,484

Note 4 - Investments

The following is a summary of the Organization's investments as of June 30, 2015 and 2014:

	2015	2014
Cash and cash equivalents	**$ 100,065**	$ 159,110
Mutual funds	**20,631,318**	20,379,866
Equities	**1,912**	1,787
Debt securities	**3,446,073**	3,920,842
Annuity	**58,557**	59,045
	24,137,860	24,361,540
	$ 24,237,925	$ 24,520,650

Investment income from cash and cash equivalents and investments was comprised of the following for the years ended June 30, 2015 and 2014:

2015	**Unrestricted**	**Temporarily Restricted**	**Total**
Interest and dividends	**$ 347,951**	**$ 149,418**	**$ 497,369**
Net realized gains	**850,137**	**408,751**	**1,258,888**
Net unrealized losses	**(884,969)**	**(403,456)**	**(1,288,425)**
	$ 313,119	**$ 154,713**	**$ 467,832**
2014			
Interest and dividends	$ 340,327	$ 144,556	$ 484,883
Net realized gains	1,234,794	590,238	1,825,032
Net unrealized gains	121,164	91,120	212,284
	$ 1,696,285	$ 825,914	$ 2,522,199

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 summary presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2015 and 2014:

	Fair Value Measurements at June 30, 2015			
	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	**$ 790,955**	**$ -**	**$ -**	**$ 790,955**
High Yield Bond	**2,134,796**	**-**	**-**	**2,134,796**
Emerging Markets Bond	**571,316**	**-**	**-**	**571,316**
Large Blend	**7,712,570**	**-**	**-**	**7,712,570**
Small Blend	**1,262,379**	**-**	**-**	**1,262,379**
Foreign Large Growth	**1,016,378**	**-**	**-**	**1,016,378**
Foreign Large Blend	**2,895,958**	**-**	**-**	**2,895,958**
Diversified Emerging Markets	**979,036**	**-**	**-**	**979,036**
Global Real Estate	**767,785**	**-**	**-**	**767,785**
Utilities	**1,334,846**	**-**	**-**	**1,334,846**
Corporate Bond	**455,863**	**-**	**-**	**455,863**
Intermediate Government	**419,207**	**-**	**-**	**419,207**
Equity Energy	**27,685**	**-**	**-**	**27,685**
Healthcare	**151,502**	**-**	**-**	**151,502**
Large Growth	**24,497**	**-**	**-**	**24,497**
Mid-Cap Blend	**86,545**	**-**	**-**	**86,545**
Equity Securities				
Financial	**1,912**	**-**	**-**	**1,912**

Note 5 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at June 30, 2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Debt Securities				
International	**$ -**	**$ 2,050,000**	**$ -**	**$ 2,050,000**
U. S. Government Agency, Moody's Aaa	**-**	**1,396,073**	**-**	**1,396,073**
Annuity	**-**	**-**	**58,557**	**58,557**
	$ 20,633,230	**$ 3,446,073**	**$ 58,557**	**$ 24,137,860**

	Fair Value Measurements at June 30, 2014			
Mutual Funds				
Ultrashort Bond	$ 1,122,303	$ -	$ -	$ 1,122,303
High Yield Bond	2,143,125	-	-	2,143,125
Emerging Markets Bond	619,178	-	-	619,178
Large Blend	7,112,089	-	-	7,112,089
Small Blend	1,263,889	-	-	1,263,889
Real Estate	802,195	-	-	802,195
Foreign Large Growth	1,133,569	-	-	1,133,569
Foreign Large Blend	2,912,107	-	-	2,912,107
Diversified Emerging Markets	1,024,769	-	-	1,024,769
Global Real Estate	812,043	-	-	812,043
Corporate Bond	608,807	-	-	608,807
Intermediate Government	608,624	-	-	608,624
Equity Energy	37,833	-	-	37,833
Healthcare	122,518	-	-	122,518
Mid-Cap Blend	56,817	-	-	56,817
Equity Securities				
Financial	1,787	-	-	1,787
Debt Securities				
International	-	1,830,000	-	1,830,000
U. S. Government Agency, Moody's Aaa	-	2,090,842	-	2,090,842
Annuity	-	-	59,045	59,045
	$ 20,381,653	$ 3,920,842	$ 59,045	$ 24,361,540

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, 2015 and 2014, 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, 2015 and 2014:

Balance as of June 30, 2013	$	59,512
Unrealized gain		2,974
Receipt from annuity		(3,441)
Balance as of June 30, 2014		59,045
Unrealized gain		2,953
Receipt from annuity		(3,441)
Balance as of June 30, 2015	$	58,557

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 to be 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 $20,798 and $21,029 and recorded as a contribution to the JCC of the same amount for the years ended June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, $838,440 and $712,440 was advanced on the note, respectively.

Note 7 - Property and Equipment

A summary of property and equipment at June 30, 2015 and 2014 is as follows:

	2015	2014
Furniture and fixtures	**$ 49,867**	$ 49,362
Office equipment	**123,929**	123,180
Computer software	**44,481**	44,481
Leasehold improvements	**70,919**	70,919
	289,196	287,942
Less accumulated depreciation	**272,596**	267,191
	$ 16,600	$ 20,751

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 nine charitable gift annuities. The trust assets are recognized as temporarily restricted investments of $329,535 and $382,799 held in trust at June 30, 2015 and 2014, respectively. Temporarily restricted liabilities of $221,857 and $232,444 at June 30, 2015 and 2014, 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 $107,456 and $95,977 at June 30, 2015 and 2014, respectively.

Note 10 - Agency Funds Held for Others

Amounts held by the Organization as agency funds for other organizations were $7,388,487 and $7,757,270 at June 30, 2015 and 2014, 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 $2,134,281 and $2,167,706 are available as of June 30, 2015 and 2014, respectively.

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2015 and 2014 are available for the following purposes:

	2015	2014
Supporting foundations	**$ 2,343,587**	$ 2,234,506
Trusts and annuities	**166,235**	209,400
Donor designated	**2,710,786**	2,486,136
Other funds	**288,294**	284,556
	$ 5,508,902	$ 5,214,598

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, 2015 and 2014, the Organization contributed an amount equal to 7% of the employees' compensation which was $54,429 and $43,924, 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 $24,237,925 at June 30, 2015 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, 2015, the Organization has pledges receivable of $909,605 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 $28,152 and $27,600 for the years ended June 30, 2015 and 2014, respectively. Additionally the Organization has provided annual support of $325,000 and $323,000 to the Jewish Community Center of Allentown for the years ended June 30, 2015 and 2014, respectively. The Organization also entered into a note receivable with the Jewish Community Center of Allentown as described in Note 6.

Note 16 - Subsequent Events

The Organization has evaluated subsequent events through November 24, 2015. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2015 were noted.