

**JEWISH FEDERATION OF GREATER SEATTLE,  
SUBSIDIARY AND SUPPORTING FOUNDATIONS**

Consolidated Financial Statements

For the Years Ended June 30, 2016 and 2015

## Table of Contents

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	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Activities With Consolidating Information	5 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 23
<b>Supplementary Information:</b>	
Schedule of Functional Expenses	24
Consolidating Schedule of Financial Position	25 - 26

## **Independent Auditor's Report**

### **To the Board of Directors**

**Jewish Federation of Greater Seattle, Subsidiary and Supporting Foundations  
Seattle, Washington**

We have audited the accompanying consolidated financial statements of the Jewish Federation of Greater Seattle, its subsidiary and supporting foundations (collectively the Federation), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities with consolidating information and cash flows for the years then ended and the related notes to the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Federation at June 30, 2016 and 2015, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information, schedule of functional expenses and consolidating statement of financial position on pages 5, 6, 7 and 24 through 26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
January 26, 2017

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Financial Position - Assets  
June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,261,398	\$ 3,298,012
<b>Receivables:</b>		
Pledges	1,702,357	2,390,245
Partnership distribution	287,988	
Bequests		10,000
Notes	72,813	95,262
Other	78,995	84,707
	<u>2,142,153</u>	<u>2,580,214</u>
Less provision for uncollectible amounts	<u>(225,082)</u>	<u>(365,248)</u>
<b>Total Receivables</b>	<b>1,917,071</b>	<b>2,214,966</b>
Prepaid expenses	153,925	304,237
Investments (Note 3)	55,763,241	62,444,952
Beneficial interest in charitable lead annuity trust (Note 5)	5,351,842	5,221,310
<b>Building and Equipment:</b>		
Building improvements	220,583	220,583
Equipment	405,415	434,292
Donated artwork (nondepreciable)	201,170	201,170
	<u>827,168</u>	<u>856,045</u>
Less accumulated depreciation	<u>(471,042)</u>	<u>(476,060)</u>
<b>Total Building and Equipment</b>	<b>356,126</b>	<b>379,985</b>
<b>Total Assets</b>	<b><u>\$ 66,803,603</u></b>	<b><u>\$ 73,863,462</u></b>

See accompanying notes.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Financial Position - Liabilities and Net Assets  
June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 250,126	\$ 254,545
Allocations and grants payable (Note 4)	1,327,557	2,198,824
Liabilities under split interest agreements (Note 5)	1,317,201	1,390,855
Funds held on behalf of community organizations (Note 6)	<u>4,100,550</u>	<u>4,730,214</u>
<b>Total Liabilities</b>	<b>6,995,434</b>	<b>8,574,438</b>
<b>Net Assets (Note 8):</b>		
Unrestricted-		
Undesignated	9,688,595	10,493,439
Designated by Board of Directors	18,552,370	18,557,819
Memorial and other funds	2,617,759	2,645,575
Donor Advised Funds	<u>10,604,175</u>	<u>14,608,512</u>
Total unrestricted	41,462,899	46,305,345
Restricted-		
Temporarily restricted	18,022,735	18,661,144
Permanently restricted	<u>322,535</u>	<u>322,535</u>
Total restricted	<u>18,345,270</u>	<u>18,983,679</u>
<b>Total Net Assets</b>	<b><u>59,808,169</u></b>	<b><u>65,289,024</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 66,803,603</u></b>	<b><u>\$ 73,863,462</u></b>

See accompanying notes.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Activities with Consolidating Information  
For the Years Ended June 30, 2016 and 2015**

	Jewish Federation Funds	Endowment Fund	Supporting Foundations	Consolidating Entries	2016 Total	2015 Total
<b>Change in Unrestricted Net Assets:</b>						
Public support and revenue-						
Public support:						
Contributions, annual campaign	\$ 3,420,418	\$ -	\$ -	\$ (1,253,450)	\$ 2,166,968	\$ 2,462,815
Contributions, other	479,416	1,112,722	42	(42,333)	1,549,847	2,663,090
Adjustment to provision for uncollectible amounts	116,045				116,045	(39,683)
<b>Total public support</b>	<b>4,015,879</b>	<b>1,112,722</b>	<b>42</b>	<b>(1,295,783)</b>	<b>3,832,860</b>	<b>5,086,222</b>
Revenue:						
JTNews income						391,202
Investment income, net of fees of \$138,063 (2015 - \$109,353)	7,968	2,083,561	316,468		2,407,997	1,723,579
Net realized/unrealized losses on investments	(2,575)	(1,324,569)	(372,860)		(1,700,004)	(574,541)
Gain on sale of building and leaseback	53,438				53,438	6,999,421
Special events	121,936			(6,100)	115,836	176,341
Other	500,725		260	(420,771)	80,214	79,010
<b>Total revenue</b>	<b>681,492</b>	<b>758,992</b>	<b>(56,132)</b>	<b>(426,871)</b>	<b>957,481</b>	<b>8,795,012</b>
Net assets released from restrictions	471,136	659,291			1,130,427	1,711,328
<b>Total Public Support and Revenue</b>	<b>5,168,507</b>	<b>2,531,005</b>	<b>(56,090)</b>	<b>(1,722,654)</b>	<b>5,920,768</b>	<b>15,592,562</b>

See accompanying notes.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Activities with Consolidating Information (Continued)  
For the Years Ended June 30, 2016 and 2015**

	Jewish Federation Funds	Endowment Fund	Supporting Foundations	Consolidating Entries	2016 Total	2015 Total
<b>Allocations, Programs and Expenses:</b>						
Allocations-						
Annual campaign allocations	1,474,324				1,474,324	2,195,793
Endowment allocations		2,873,843		(1,271,883)	1,601,960	1,833,540
Allocation of donor advised fund		3,599,237			3,599,237	
Supporting foundation allocations			659,241	(30,000)	629,241	365,870
<b>Total allocations</b>	<b>1,474,324</b>	<b>6,473,080</b>	<b>659,241</b>	<b>(1,301,883)</b>	<b>7,304,762</b>	<b>4,395,203</b>
Programs and expenses-						
Community programs	2,211,515	377,432		(364,036)	2,224,911	2,087,426
Fundraising	920,667				920,667	816,296
Management and general	553,876		68,859	(56,735)	566,000	558,345
JTNews						504,271
<b>Total programs and expenses</b>	<b>3,686,058</b>	<b>377,432</b>	<b>68,859</b>	<b>(420,771)</b>	<b>3,711,578</b>	<b>3,966,338</b>
<b>Total Allocations, Programs and Expenses</b>	<b>5,160,382</b>	<b>6,850,512</b>	<b>728,100</b>	<b>(1,722,654)</b>	<b>11,016,340</b>	<b>8,361,541</b>
<b>Change in Unrestricted Net Assets Before Transfers</b>	<b>8,125</b>	<b>(4,319,507)</b>	<b>(784,190)</b>		<b>(5,095,572)</b>	<b>7,231,021</b>
Transfers (Note 8)	196,962	56,164			253,126	48,223
<b>Change in Unrestricted Net Assets</b>	<b>205,087</b>	<b>(4,263,343)</b>	<b>(784,190)</b>		<b>(4,842,446)</b>	<b>7,279,244</b>

See accompanying notes.



**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Activities with Consolidating Information (Continued)  
For the Years Ended June 30, 2016 and 2015**

	Jewish Federation Funds	Endowment Fund	Supporting Foundations	Consolidating Entries	2016 Total	2015 Total
<b>Change in Unrestricted Net Assets</b>	<b>205,087</b>	<b>(4,263,343)</b>	<b>(784,190)</b>		<b>(4,842,446)</b>	<b>7,279,244</b>
<b>Change in Temporarily Restricted Net Assets:</b>						
Contributions	555,280	141,423			696,703	1,414,041
Investment income, net of fees of \$28,086 (2015 - \$28,763)		699,828			699,828	664,551
Net realized/unrealized losses on investments		(627,122)			(627,122)	(390,094)
Change in value of split-interest agreements, net of payments to beneficiaries		(24,265)			(24,265)	(45,609)
Transfers (Note 8)	(253,126)				(253,126)	(48,223)
Net assets released from restrictions	(471,136)	(659,291)			(1,130,427)	(1,711,328)
<b>Change in Temporarily Restricted Net Assets</b>	<b>(168,982)</b>	<b>(469,427)</b>			<b>(638,409)</b>	<b>(116,662)</b>
<b>Change in Net Assets</b>	<b>36,105</b>	<b>(4,732,770)</b>	<b>(784,190)</b>		<b>(5,480,855)</b>	<b>7,162,582</b>
<b>Net Assets, Beginning of Year:</b>						
Unrestricted	4,752,065	34,471,418	7,081,862		46,305,345	39,026,101
Temporarily restricted	668,462	17,992,682			18,661,144	18,777,806
Permanently restricted		322,535			322,535	322,535
<b>Total Net Assets, Beginning of Year</b>	<b>5,420,527</b>	<b>52,786,635</b>	<b>7,081,862</b>		<b>65,289,024</b>	<b>58,126,442</b>
<b>Net Assets, End of Year:</b>						
Unrestricted	4,957,152	30,208,075	6,297,672		41,462,899	46,305,345
Temporarily restricted	499,480	17,523,255			18,022,735	18,661,144
Permanently restricted		322,535			322,535	322,535
<b>Total Net Assets, End of Year</b>	<b>\$ 5,456,632</b>	<b>\$ 48,053,865</b>	<b>\$ 6,297,672</b>	<b>\$ -</b>	<b>\$ 59,808,169</b>	<b>\$ 65,289,024</b>

See accompanying notes.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities:</b>		
Change in net assets	\$ (5,480,855)	\$ 7,162,582
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	33,093	104,303
Gain on sale of building and equipment		(6,593,029)
Value of donated leaseback of building		(406,392)
Donated rent expense		165,592
Net realized/unrealized losses on investments	2,327,126	964,635
Change in value of beneficial interest in charitable lead annuity trust	(130,532)	(127,350)
Cash changes in operating assets and liabilities:		
Pledges receivable	547,722	(41,436)
Donor Advised Funds receivable		583,592
Bequests receivable	10,000	60,000
Partnership distribution receivable	(287,988)	
Other receivables	5,712	13,001
Prepaid expenses	150,312	(19,607)
Accounts payable and accrued expenses	(4,419)	(117,476)
Deferred subscription revenue		(62,549)
Allocations and grants payable	(871,267)	(260,322)
Liabilities under split interest agreements	(73,654)	(51,723)
Funds held on behalf of community organizations	(629,664)	247,588
<b>Net Cash (Used) Provided by Operating Activities</b>	<b>(4,404,414)</b>	<b>1,621,409</b>
<b>Investing Activities:</b>		
Proceeds from sale of building, net		8,203,509
Proceeds from sales of investments, net	9,210,377	5,800,853
Purchase of investments, net	(4,855,792)	(15,053,795)
Purchase of equipment	(9,234)	(33,109)
Payments received from notes receivable	22,449	27,571
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,367,800</b>	<b>(1,054,971)</b>
<b>Financing Activities:</b>		
Payments on capital lease payable		(12,209)
<b>Net Cash Used by Financing Activities</b>		<b>(12,209)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(36,614)</b>	<b>554,229</b>
Cash and cash equivalents, beginning of year	3,298,012	2,743,783
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,261,398</b>	<b>\$ 3,298,012</b>

See accompanying notes.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 1 - Summary of Significant Accounting Policies**

**Mission** - The Jewish Federation of Greater Seattle is creating Jewish Connections for Life ensuring that all Jews can participate in Jewish life in any way that fits their interests and passions, at every stage of life.

**Core Programs** - The Federation carries out core programs of advocacy, communications, community research, community security, Israel and World Jewry, Jewish engagement and Jewish legacy.

Advocacy - Federation Government Relations advocates on behalf of local Jewish organizations and the broader Jewish community in Olympia and at other levels of government as needed to ensure the community's needs are met. Government Relations also works to combat anti-Semitism and anti-Zionism in Washington State.

Communications - The Federation publishes a bimonthly community magazine, Jewish In Seattle and weekly emails to keep the community informed about upcoming events and news of community interest.

Community Research - The Federation carries out research projects to better understand community needs and interests.

Community Security - The Federation operates SAFE Washington, a communications network for keeping our community secure from natural and human-caused dangers.

Israel and World Jewry - Programs create people-to-people connections between Jews locally and abroad, for example, through investments in Jewish communities in need overseas and visits to our area by Israeli emissaries.

Jewish Engagement - Programs help create Jewish Connections for Life through the PJ Library® for families with young children, engagement opportunities for Jews in their 30s and 40s (PAVE Seattle), Jewish overnight camp and teen Israel experience scholarships and leadership development.

Jewish Legacy - The Federation operates the LIFE & LEGACY™ training and incentives program, a partnership with the Harold Grinspoon Foundation, to help Jewish agencies build financial endowments.

The Federation provides Special Initiatives Fund grants, including: 1) Ignition Grants for new, one-time or pilot projects; 2) Small Agency Sustainability Grants, providing operational support for small Jewish agencies; and 3) Women's Endowment Fund grants, supporting programs empowering and improving the lives of women and girls locally and in Israel.

**Community Investments** - The Federation is undertaking community investments to create and strengthen opportunities to connect with Jewish life. Initial community investments include: 1) Jewish Neighborhood Connections, increasing access to Jewish life through, for example, neighborhood holiday events; 2) Families with Young Children, providing opportunities for families to experience Jewish life in environments suitable for young children; and 3) Lifelong Learning, beginning in mid-2017, expanding Jewish learning opportunities for people of all ages.

In addition, the Seattle Jewish Transcript, a wholly owned subsidiary of the Federation published a newspaper until March 2015.

**General** - Annual campaigns are conducted to raise funds for allocation to agencies in the subsequent fiscal year. Allocations to agencies for the subsequent year are shown as allocations payable. Allocations for internal operations and community programs for the subsequent year are included in unrestricted net assets designated by the Board of Directors.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 1 - Continued**

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Federation's wholly owned subsidiary, Seattle Jewish Transcript, which was dissolved in October 2015. The consolidated financial statements also include the Federation's supporting foundations, which include: David & Cathy Habib Foundation, Samuel Israel Foundation and Jewish Day School Foundation. All inter-entity transactions and balances have been eliminated.

**Revenue Recognition** - Pledges and contributions are recognized as revenue in the campaign year in which the donor makes the pledge. Allowances are provided for amounts estimated to be uncollectible. Donations of equity securities are recognized at the date of contribution and are measured at their estimated fair value. Equity securities donated to the Federation are sold as soon as it is practical. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges and contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support. However, if a restriction is fulfilled - that is, when a stipulated time restriction ends or the purpose restriction is accomplished in the same time period in which the contribution is received, the Federation reports the support as unrestricted. Otherwise, when a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities with consolidating information as net assets released from restrictions.

**Unrestricted Net Assets Designated by the Board of Directors** - The Board of Directors has designated certain net assets to be used for the purposes described in Note 8.

**Restricted Net Assets** - The Federation reports unconditional promises to give cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Permanently restricted net assets consist of endowment restricted funds, by which the donor established a fund in perpetuity for the benefit of a specific beneficiary, whereby the principal is to remain intact and the income is temporarily restricted.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are also reported as temporarily restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Federation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Tax Status** - The Internal Revenue Service (IRS) has determined that the Federation and its supporting foundations are nonprofit organizations exempt from federal taxes on income as entities described in Internal Revenue Code Section 501(c)(3). Accordingly, the Federation is subject to income taxes only on income determined to be unrelated business taxable income. No federal income taxes were payable at June 30, 2016 and 2015.

The Seattle Jewish Transcript was not an exempt entity for federal income tax purposes and, accordingly, was subject to federal income taxes. No amounts were payable at June 30, 2015.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash in banks and highly liquid short-term investments with original maturities of three months or less.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 1 - Continued**

**Investments** - Investments in debt and equity securities are valued by the custodians at fair value based on published quotations for publicly traded securities or lower of cost or fair value for nonpublicly traded securities and other assets. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities with consolidating information.

**Funds Held on Behalf of Community Organizations** - Accounting principles generally accepted in the United States of America (U.S. GAAP) require that if a not-for-profit organization establishes a designated fund at a federated fundraising organization with its own funds and specifies itself or its affiliate as the beneficiary of that designated fund, the federated fundraising organization must account for the transfer of such assets as if it is holding the funds as an agent of the donor. Accordingly, the transfer is included in the Federation's assets and an offsetting liability is created in an amount equal to the present value of future payments expected to be made to the designated beneficiary.

The liability shown on the consolidated statements of financial position has been established at the fair value of the funds. Activities related to these funds do not affect the change in net assets on the consolidated statements of activities with consolidating information.

**In-Kind Contributions** - The Federation received donated catering, advertising, printing, legal, consulting, event-related giveaways and software. For the years ended June 30, 2016 and 2015, in-kind contributions were \$14,060 and \$22,771, respectively. For the years ended June 30, 2016 and 2015, \$9,233 and \$10,426, respectively, were capitalized for in-kind software and is included in equipment on the consolidated statements of financial position.

**Concentration of Credit Risk** - Management anticipates no material effect to the Federation's financial position as a result of cash, mutual funds and investments held in banks in excess of the available federally insured amounts.

Contributions are received from donors primarily in the Greater Seattle area.

There were no contribution concentrations for the year ended June 30, 2016. Contributions from one donor represented 12% of total public support for the year ended June 30, 2015.

**Capitalization and Depreciation** - Purchased fixed assets are recorded at cost and donated fixed assets are recorded at fair value on the date received. The Federation capitalizes fixed assets greater than \$1,000. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets (building and improvements 10 - 40 years and equipment 3 - 5 years) using a half-year convention for additions.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Endowment Allocation of Donor Advised Fund** - During the year ended June 30, 2016, the Board of Directors approved a recommendation to allocate a donor advised fund of approximately \$3.6 million to an unrelated charitable organization.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities with consolidating information. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 1 - Continued**

**Subsequent Events** - The Federation has evaluated subsequent events through January 26, 2017, the date on which the consolidated financial statements were available to be issued.

**Note 2 - Receivables**

**Pledges and Bequests Receivables** - Pledges and bequests receivables are as follows at June 30:

	<u>2016</u>	<u>2015</u>
Receivables to be collected in less than one year	\$ 1,549,143	\$ 2,235,862
Receivables to be collected in one to five years	73,900	81,500
Thereafter	<u>127,500</u>	<u>135,000</u>
	1,750,543	2,452,362
Less present value discount	<u>(48,186)</u>	<u>(52,117)</u>
	<u><b>\$ 1,702,357</b></u>	<u><b>\$ 2,400,245</b></u>

The present value discount rates range from 0.5% to 3.0% for receivables to be collected in five or fewer years and 3.0% for receivables to be collected in more than five years. The present value discount rate is established annually by the Federation and does not change the discount rate of receivables pledged in prior years.

**Notes Receivable** - The Federation had a note receivable from a community organization of \$2,192 at June 30, 2015. The note was paid off in November 2015. The receivable had an interest rate of 2.25%.

A supporting foundation has a note receivable for the sale of land with a maturity date of September 9, 2016, with an original balance of \$214,000, interest of 6.5% and an outstanding balance of \$15,670 and \$21,641 at June 30, 2016 and 2015, respectively.

During 2014, the Federation received a promissory note from an employee for \$100,000, with an interest rate of 4%. The principal and interest on this note were to be forgiven at an equal rate each year over a period of seven years. The balance at June 30, 2016 and 2015 was \$57,143 and \$71,429, respectively. The employee terminated his employment arrangement with the Federation on September 2, 2016, and repaid the remaining principal balance and accrued interest subsequent to year end.

**Partnership Distribution Receivable** - Included in the Federation's investments is an ownership in a partnership, which is reported using the equity method of accounting. The Federation had a distribution receivable from this partnership of \$287,988 at June 30, 2016. There was no partnership receivable at June 30, 2015.

There are no past due balances on notes or partnership receivables at June 30, 2016. Additionally, there were no allowances for doubtful accounts, provisions for losses or loans written off related to the receivables for the years ended June 30, 2016 and 2015.

**Other Receivables** - This balance includes various other miscellaneous receivables.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 2 - Continued**

**Provision for Uncollectible Accounts** - Management provides for probable uncollectible pledges through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

**Note 3 - Investments and Fair Value Measurements**

U.S. GAAP defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

**Valuation Techniques** - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Federation at year end.

Marketable Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Marketable Debt Securities - Valued using bid evaluations from similar instruments in actively traded markets.

Although management believes its valuation methods are 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.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 3 - Continued**

**Fair Values Measured on a Recurring Basis** - Fair values of investments measured on a recurring basis are as follows:

	Fair Value Measurements as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Equity securities-				
US large growth	\$ 674,055	\$ -	\$ -	\$ 674,055
US large cap value	191,811			191,811
US mid growth	238,176			238,176
US mid cap value	202,080			202,080
US small growth	108,451			108,451
US small cap value	31,225			31,225
International	648,138			648,138
Emerging markets	453,776			453,776
Other	22,279			22,279
Total equity securities	2,569,991			2,569,991
Mutual funds-				
Equity	24,068,198			24,068,198
Fixed income	15,528,530			15,528,530
International bond	2,377,203			2,377,203
International equity	9,251,207			9,251,207
Total mutual funds	51,225,138			51,225,138
Debt securities-				
Municipal bonds		76,045		76,045
Mortgage-backed		78,223		78,223
Total debt securities		154,268		154,268
<b>Total Investments at Fair Value</b>	<b>\$ 53,795,129</b>	<b>\$ 154,268</b>	<b>\$ -</b>	<b>\$ 53,949,397</b>



**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 3 - Continued**

	Fair Value Measurements as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Equity securities-				
US large growth	\$ 891,273	\$ -	\$ -	\$ 891,273
US large cap value	72,566			72,566
US large core	3,646,753			3,646,753
US mid growth	185,625			185,625
US mid cap value	199,319			199,319
US mid core	146,164			146,164
US small growth	57,884			57,884
US small cap value	44,540			44,540
US small core	77,389			77,389
International	701,330			701,330
Emerging markets	474,973			474,973
Other	29,257			29,257
<b>Total equity securities</b>	<b>6,527,073</b>			<b>6,527,073</b>
Mutual funds-				
Equity	24,369,553			24,369,553
Fixed income	16,318,190			16,318,190
US large value	373,078			373,078
International bond	2,458,152			2,458,152
International equity	10,522,376			10,522,376
<b>Total mutual funds</b>	<b>54,041,349</b>			<b>54,041,349</b>
Debt securities-				
Municipal bonds		140,903		140,903
Mortgage-backed		63,316		63,316
<b>Total debt securities</b>		<b>204,219</b>		<b>204,219</b>
<b>Total Investments at Fair Value</b>	<b>\$ 60,568,422</b>	<b>\$ 204,219</b>	<b>\$ -</b>	<b>\$ 60,772,641</b>

Total investments at June 30:

	2016	2015
Investments at fair value	\$ 53,949,397	\$ 60,772,641
Investment in partnership valued using equity method	15,687	
Investments in life insurance policies		
valued using lower of cost or fair value	13,708	14,485
Cash, cash equivalents and CDs	1,784,449	1,657,826
<b>Total Investments</b>	<b>\$ 55,763,241</b>	<b>\$ 62,444,952</b>

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 4 - Allocations and Grants Payable**

Allocations and grants payable consisted of the following allocations unpaid but expected to be expended as authorized by the Board of Directors at June 30:

	<u>2016</u>	<u>2015</u>
<b>Jewish Federation &amp; Endowment Fund-</b>		
Jewish Federations of North America	\$ 731,414	\$ 708,678
Local organizations	351,425	1,075,470
Israel & World Jewry	<u>50,000</u>	<u>149,000</u>
	1,132,839	1,933,148
<b>Supporting Foundations-</b>		
Local organizations	<u>194,718</u>	<u>265,676</u>
<b>Total Allocations and Grants Payable</b>	<b><u>\$ 1,327,557</u></b>	<b><u>\$ 2,198,824</u></b>

Unpaid allocations are as follows at June 30, 2016:

Allocations payable in less than one year	\$ 1,280,589
Allocations payable in one to five years	<u>47,227</u>
	1,327,816
Less present value discount at 1%	<u>(259)</u>
	<b><u>\$ 1,327,557</u></b>

**Note 5 - Split-Interest Agreements**

**Beneficial Interest in Charitable Lead Annuity Trust** - During the year ended June 30, 2012, the Federation's beneficial interest in a testamentary charitable lead annuity trust was funded. The Federation's Endowment Fund will receive quarterly distributions from the trust with the first payment of \$84,425 being due on December 31, 2017, followed by quarterly payments of \$92,102 and a final payment of \$73,681 due on March 14, 2036. The Federation's beneficial interest in this charitable lead annuity trust is recorded at the net present value (discounted at 2.5%) of the distributions on the consolidated statements of financial position and is included as a component of temporarily restricted net assets.

**Charitable Remainder Trusts** - The Federation is the beneficiary of two charitable remainder trusts administered by the Federation and held at a financial institution. The trusts provide for periodic distributions to designated beneficiaries. The trusts' fair value at June 30, 2016 and 2015, was \$1,447,943 and \$1,546,583, respectively, with an estimated annuity liability of \$1,178,214 and \$1,251,655, respectively. The Federation's interest in the trusts is recorded at net present value using the applicable federal discount rate at the date of the gift and shown on the consolidated statements of financial position as an investment, a liability and temporarily restricted net assets. The Federation's interest in gains or losses in the trusts' value is recognized in the consolidated statements of activities with consolidating information as temporarily restricted activities.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 5 - Continued**

**Charitable Gift Annuities** - The Federation has entered into several Charitable Gift Annuities (CGAs) whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. Assets received are recorded at fair value on the date the gift is funded and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. Upon the death of the last/only annuitant, the remaining assets, if any, are disbursed according to the contract governing the CGA. Assets and liabilities under charitable gift annuities are general assets and liabilities of the Federation. CGA assets at June 30, 2016 and 2015 were \$222,320 and \$234,086, respectively, with estimated liabilities of \$138,987 and \$139,200, respectively.

**Note 6 - Funds Held on Behalf of Community Organizations**

Funds held on behalf of community organizations at June 30:

	<u>2016</u>	<u>2015</u>
Hillel Foundation for Jewish Life at the U.W.	\$ 2,439,517	\$ 2,533,858
Jewish Day School	1,198,785	1,743,125
Congregation Beth Shalom	214,369	198,582
Congregation Ezra Bessaroth	163,359	169,286
Washington State Jewish Historical Society	70,589	70,445
Charitable gift annuities	13,931	14,918
	<u>\$ 4,100,550</u>	<u>\$ 4,730,214</u>

**Note 7 - Retirement Plan**

The Federation's employees become eligible to participate in the 401(k) profit sharing plan (the Plan) when they have completed one year of service and have attained the age of 21 years. Participants may contribute compensation up to the maximum amount allowed by law and are immediately vested in these contributions. The Federation may make discretionary contributions to the Plan of 5% of the participant's annual salary up to the wage base and 10% above the amount of the taxable wage base. Participants vest in the employer contributions over five years. Both employee and employer contributions are subject to applicable IRS limits. In addition, the Federation's employees become eligible to participate in the 403(b) retirement plan upon hire. Employee contributions are made in accordance with the provisions of the 403(b) plan. During the year ended June 30, 2016 there was a 2% contribution to the 401(k) plan. There were no contributions by the Federation to either the 401(k) or 403(b) plans during the year ended June 30, 2015.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 8 - Net Assets**

Unrestricted net assets consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Undesignated-		
Federation	\$ 1,349,974	\$ 1,273,508
Investment in fixed assets, Federation	<u>356,126</u>	<u>379,985</u>
Total undesignated Jewish Federation fund net assets	1,706,100	1,653,493
Endowment community fund	1,684,823	1,758,084
Supporting foundations <sup>(a)</sup>	<u>6,297,672</u>	<u>7,081,862</u>
Total undesignated net assets	9,688,595	10,493,439
Designated by Board of Directors-		
Designation for subsequent year:		
Internal operations	2,203,995	2,128,875
Community programs	783,057	718,290
Other Federation board designations	<u>264,000</u>	<u>251,407</u>
Total designated Jewish Federation fund net assets	3,251,052	3,098,572
Milk & Honey program	265,377	264,802
Board designated endowments	4,789,128	4,919,723
C.A.B. Federation Endowment Fund <sup>(b)</sup>	8,010,415	8,352,448
PACE / LOJE funds	1,109,369	1,146,752
Emergency Capital Needs Fund	505,372	438,865
Endowment other funds	<u>621,657</u>	<u>336,657</u>
Total designated by Board of Directors net assets	18,552,370	18,557,819
Memorial and other funds	2,617,759	2,645,575
Donor Advised Funds <sup>(c)</sup>	<u>10,604,175</u>	<u>14,608,512</u>
<b>Total Unrestricted Net Assets</b>	<b><u>\$ 41,462,899</u></b>	<b><u>\$ 46,305,345</u></b>

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 8 - Continued**

Restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Temporarily restricted-		
Federation donor funds restricted for a particular purpose	\$ 499,480	\$ 668,462
Endowment donor funds restricted for a particular purpose	11,832,281	12,396,475
Endowment charitable lead annuity trust restricted due to timing of receipt	5,351,842	5,221,310
Endowment charitable gift annuities and charitable remainder trusts	<u>339,132</u>	<u>374,897</u>
Total temporarily restricted net assets	18,022,735	18,661,144
Permanently restricted-		
Endowment funds restricted by donors <sup>(d)</sup>	<u>322,535</u>	<u>322,535</u>
<b>Total Restricted Net Assets</b>	<b><u>\$ 18,345,270</u></b>	<b><u>\$ 18,983,679</u></b>

(a) Supporting Foundations allow donors to maintain personal involvement in grant making decisions as a minority member of a Supporting Foundation's board of directors. A Supporting Foundation is a separate charitable organization, which, by affiliation with the Federation, obtains its tax status as a public charity.

(b) C.A.B. Federation Endowment Fund represents the net proceeds from the sale of the building, which has been designated for occupancy and other operation costs of the Federation.

(c) Donor Advised Funds are established by donors with unrestricted, irrevocable gifts made for the exclusive purpose of charitable giving. During their lifetime, donors may recommend grants to charitable organizations in accordance with the Federation's policies and procedures for operation of Donor Advised Funds. Donors may choose to have the fund continue beyond their lifetime by naming their family and/or loved ones as successor advisors. Donors may also choose to have the fund convert to a memorial or PACE/LOJE fund, making gifts in their honor in perpetuity. Donors can also provide a list of grants that will be made upon their death.

(d) Permanently restricted net assets consist of endowment restricted funds where the donor has established a fund which restricts the corpus in perpetuity. The income from these funds is restricted by the donors for educational and community purposes.

Net asset transfers for the year ended June 30, 2016, were as follows:

	<u>Jewish Federation Funds</u>	<u>Endowment Fund</u>
Transfer of board approved Federation Contingency Fund to Endowment Fund	<b><u>\$ (56,164)</u></b>	<b><u>\$ 56,164</u></b>

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 8 - Continued**

Net asset transfers for the year ended June 30, 2015, were as follows:

	Jewish Federation Funds	Endowment Fund
	<u>                    </u>	<u>                    </u>
Transfer of building sale proceeds to Endowment Fund	\$ (8,310,000)	\$ 8,310,000
Transfer of board approved reserves to Emergency Capital Needs Fund	<u>(1)</u>	<u>1</u>
	<u><b>\$ (8,310,001)</b></u>	<u><b>\$ 8,310,001</b></u>

**Note 9 - Related Party Transactions**

The Federation has normal business relationships with several organizations that are owned by Federation board members. The relationships were entered into in the ordinary course of business.

**Note 10 - Permanently Restricted Endowments**

The Federation's permanently restricted endowments consist of donor-restricted funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with permanently restricted endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Federation has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment 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 PMIFA. In accordance with PMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Federation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Federation; and
- The investment policies of the Federation.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

**Note 10 - Continued**

Changes to donor restricted endowment net assets, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ -	\$ 91,001	\$ 322,535	\$ 413,536
Endowment investment return-				
Interest and dividends		15,996		15,996
Realized and unrealized losses		(9,964)		(9,964)
Total endowment investment return		6,032		6,032
Appropriation of endowment for expenditure		(23,964)		(23,964)
<b>Endowment Net Assets, June 30, 2015</b>		<b>73,069</b>	<b>322,535</b>	<b>395,604</b>
Endowment investment return-				
Interest and dividends		16,536		16,536
Realized and unrealized losses		(13,756)		(13,756)
Total endowment investment return		2,780		2,780
Appropriation of endowment for expenditure		(14,410)		(14,410)
<b>Endowment Net Assets, June 30, 2016</b>	<b>\$ -</b>	<b>\$ 61,439</b>	<b>\$ 322,535</b>	<b>\$ 383,974</b>

The unrestricted and temporarily restricted amounts above represent cumulative earnings on permanently restricted endowment funds.

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires the Federation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2016 and 2015, there were no deficiencies.

**Return Objectives and Risk Parameters** - The return objectives of the permanently restricted endowments (the Fund) reflect the trade-off between the risk and expected return considered the most appropriate for the total Fund as differentiated from the individual objectives of any one fund. The overall portfolio objective is sufficient growth of capital to maintain or improve the purchasing power of the Fund over time while allowing distributions to fund gifting programs in accordance with the desires of contributors to the Fund. In addition to preserving and enhancing the value of the Fund, the Fund is administered and managed in such a manner as to be responsible to the needs of the donors and of the Jewish community and to maintain the highest standards of professionalism and responsibility.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 10 - Continued**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - Each permanently restricted fund has its own spending policy built into the contract that established the fund. Some of these funds spend a flat rate each year while others spend no more than their net income for the year. The Federation's spending policy was 4.5% of the rolling sixteen quarter average in fiscal years 2016 and 2015. For funds that have been in existence for fewer than sixteen quarters, the percentage is applied to all quarters that the fund has been in existence. In choosing this percentage, the Federation considered the long-term expected return on its endowment. This is consistent with the Federation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Note 11 - Building Sale and Leaseback**

The Federation sold its building to MSRE Management, LLC on October 22, 2014 for a total net sales price of \$8,203,384. At the time of the sale, the Federation entered into a leaseback agreement for the same property commencing on the closing date. The lease term is the later of one year from the closing date or 60 days after prior written notice to tenant of landlord's receipt of building permits for landlord's planned development of the property; provided that the tenant may terminate the lease at any time on 30 days prior written notice. As a result of the leaseback, the Federation recorded prepaid expense of \$83,138 and \$240,800 as of June 30, 2016 and 2015, respectively. During June 2016 the Federation entered into a new lease agreement for office space (Note 13).

**Note 12 - Publication Agreement**

The Federation entered into a Publication Agreement with SagaCity Media (SagaCity) effective January 23, 2015. Under this agreement SagaCity will publish a new magazine, to be sent to Federation donors, to address and examine issues of interest to its members, affiliates and the community it served with the Jewish Transcript newspaper. SagaCity is responsible for performing advertising sales, administrative support, editorial, design, photos and printing of the new magazine. SagaCity is responsible for all production expenses and collects all advertising sales revenue. If advertising sales revenues fall short of projections for any annual publication cycle, SagaCity reserves the right to assess a production fee to the Federation to help cover the cost of production expenses. The amount of such production fee shall be no greater than 20% of the actual revenue shortfall under the advertising sales minimum of \$400,000 and in no event shall the production fee exceed \$10,000 for any publication cycle. For the year ended June 30, 2016 the Federation incurred no such production fee. Should advertising sales revenue exceed projections for any annual publication cycle, SagaCity will share 25% of the actual excess advertising revenue over the projected revenue amount (\$450,000 for the first publication cycle). The agreement expires June 30, 2018.



**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Notes to Consolidated Financial Statements  
For the Years Ended June 30, 2016 and 2015**

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**Note 13 - Commitments**

**Operating Lease** - In June 2016 the Federation entered into an operating lease agreement for office space which commenced subsequent to year end on August 29, 2016 and will expire September 30, 2019.

Future minimum rental payments under the noncancelable operating lease are as follows:

For the Year Ending June 30,

2017	\$	121,610
2018		170,775
2019		176,715
2020		<u>44,550</u>
	\$	<u><u>513,650</u></u>

**SUPPLEMENTARY INFORMATION**

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**

**Schedule of Functional Expenses  
For the Year Ended June 30, 2016 (With Comparative Totals for 2015)**

Total expenses of the Federation, excluding Supporting Foundation expenses and prior to eliminations, are allocated based on its functional activities as follows for the year ended June 30, 2016:

	Community Programs*	Fundraising	Management and General	2016 Total	2015 Total
Salaries and benefits	\$ 1,297,867	\$ 542,482	\$ 350,196	\$ 2,190,545	\$ 2,304,235
Endowment administrative fees	469,668			469,668	497,469
Events/meetings/conferences	154,201	170,580	16,083	340,864	250,713
Occupancy	210,234	58,260	43,231	311,725	253,915
Professional services	100,858	19,345	52,648	172,851	251,625
Postage and printing	63,425	55,224	9,954	128,603	133,633
Computer and technology	67,167	17,525	16,764	101,456	147,690
Professional development/travel	39,756	27,059	12,328	79,143	64,806
Dues and subscriptions	78,004	478	586	79,068	74,066
Office and telephone expenses	16,479	6,886	16,041	39,406	42,490
Miscellaneous	26,181	888	5,624	32,693	42,548
Depreciation	21,510	6,619	4,964	33,093	104,303
Insurance	11,868	3,651	12,306	27,825	32,392
Advertising/PR/marketing	9,748	6,426	10,131	26,305	34,390
Taxes and licenses	19,548	3,354	2,516	25,418	46,110
In-kind expenses	2,433	1,890	504	4,827	12,346
JT News Bad debt					(7,114)
JT News Commissions					35,335
JT News Editorial content					28,001
JT News Sales expense					1,794
	<u>\$ 2,588,947</u>	<u>\$ 920,667</u>	<u>\$ 553,876</u>	<u>\$ 4,063,490</u>	<u>\$ 4,350,747</u>

\* The community programs include Community Research, Government Relations and Public Affairs, Jewish Education Services, Jewish In Seattle Community magazine, Jewish overnight camp scholarships, Life & Legacy™, PAVE Seattle, PJ Library, SAFE Washington, the Seattle Jewish Community Endowment Fund (Endowment Fund), and Teen Israel Experience scholarships.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**  
**Consolidating Schedule of Financial Position**  
**June 30, 2016**  
**(With Comparative Totals for 2015)**

	Jewish Federation Funds	Endowment Fund	Supporting Foundations	2016 Total	2015 Total
<b>Assets</b>					
Cash and cash equivalents	\$ 3,261,398	\$ -	\$ -	\$ 3,261,398	\$ 3,298,012
<b>Receivables:</b>					
Pledges	1,702,357			1,702,357	2,390,245
Partnership distribution		287,988		287,988	
Bequests					10,000
Notes	57,143		15,670	72,813	95,262
Other	35,879	43,116		78,995	84,707
	<u>1,795,379</u>	<u>331,104</u>	<u>15,670</u>	<u>2,142,153</u>	<u>2,580,214</u>
Less provision for uncollectible accounts	<u>(225,082)</u>			<u>(225,082)</u>	<u>(365,248)</u>
<b>Total receivables</b>	<b>1,570,297</b>	<b>331,104</b>	<b>15,670</b>	<b>1,917,071</b>	<b>2,214,966</b>
Prepaid expenses	153,925			153,925	304,237
Investments	1,496,274	47,790,247	6,476,720	55,763,241	62,444,952
Beneficial interest in charitable lead annuity trust		5,351,842		5,351,842	5,221,310
<b>Building and Equipment:</b>					
Building improvements	220,583			220,583	220,583
Equipment	405,415			405,415	434,292
Donated artwork (not depreciable)	201,170			201,170	201,170
	<u>827,168</u>			<u>827,168</u>	<u>856,045</u>
Less accumulated depreciation	<u>(471,042)</u>			<u>(471,042)</u>	<u>(476,060)</u>
<b>Total Building and Equipment</b>	<b>356,126</b>			<b>356,126</b>	<b>379,985</b>
<b>Total Assets</b>	<b><u>\$ 6,838,020</u></b>	<b><u>\$ 53,473,193</u></b>	<b><u>\$ 6,492,390</u></b>	<b><u>\$ 66,803,603</u></b>	<b><u>\$ 73,863,462</u></b>

See independent auditor's report.

**JEWISH FEDERATION OF GREATER SEATTLE, SUBSIDIARY  
AND SUPPORTING FOUNDATIONS**  
**Consolidating Schedule of Financial Position**  
**June 30, 2016**  
**(With Comparative Totals for 2015)**

	Jewish Federation Funds	Endowment Fund	Supporting Foundations	2016 Total	2015 Total
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 220,885	\$ 29,241	\$ -	\$ 250,126	\$ 254,545
Allocations and grants payable	1,104,339	28,500	194,718	1,327,557	2,198,824
Liabilities under split interest agreements		1,317,201		1,317,201	1,390,855
Funds held on behalf of community organizations		4,100,550		4,100,550	4,730,214
Interfund balances	56,164	(56,164)			
<b>Total Liabilities</b>	<b>1,381,388</b>	<b>5,419,328</b>	<b>194,718</b>	<b>6,995,434</b>	<b>8,574,438</b>
<b>Net Assets:</b>					
Unrestricted-					
Undesignated	1,706,100	1,684,823	6,297,672	9,688,595	10,493,439
Designated by Board of Directors	3,251,052	15,301,318		18,552,370	18,557,819
Memorial and other funds		2,617,759		2,617,759	2,645,575
Donor Advised Funds		10,604,175		10,604,175	14,608,512
Total unrestricted	4,957,152	30,208,075	6,297,672	41,462,899	46,305,345
Restricted-					
Temporarily restricted	499,480	17,523,255		18,022,735	18,661,144
Permanently restricted		322,535		322,535	322,535
Total restricted	499,480	17,845,790		18,345,270	18,983,679
<b>Total Net Assets</b>	<b>5,456,632</b>	<b>48,053,865</b>	<b>6,297,672</b>	<b>59,808,169</b>	<b>65,289,024</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,838,020</b>	<b>\$ 53,473,193</b>	<b>\$ 6,492,390</b>	<b>\$ 66,803,603</b>	<b>\$ 73,863,462</b>

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