MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEARS ENDED AUGUST 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors Minneapolis Jewish Federation and Subsidiaries Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Minneapolis Jewish Federation and Subsidiaries which comprise the consolidated statements of financial position as of August 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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.



Board of Directors Minneapolis Jewish Federation and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minneapolis Jewish Federation and Subsidiaries as of August 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Clifton Larson Allen LLP

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules for the statements of financial position and the consolidating schedules for the statements of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

Minneapolis, Minnesota January 14, 2016

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2015 AND 2014

	2015	2014		
ASSETS				
Cash and Cash Equivalents	\$ 2,238,910	\$ 1,719,151		
Investments	102,898,871	104,465,068		
Land Held for Sale	967,288	967,288		
Pledges Receivable, Net:				
Annual Campaign	5,530,874	5,580,968		
Capital Campaign	284,918	306,630		
Loans Receivable, Net	342,948	454,850		
Estate Receivables	7,352,942	-		
Split-Interest Agreements: Investments Held in Charitable Trusts	199,920	275,823		
Interest in Charitable Trusts Held by Others	4,743	7,731		
Pooled Income Funds	604,298	611,106		
Receivable from Termed Charitable Trust	1,605,347	1,605,347		
Property and Equipment, Net of Accumulated Depreciation	13,971,756	14,583,172		
Other Assets	460,306	472,986		
		,		
Total Assets	\$ 136,463,121	\$ 131,050,120		
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 386,704	\$ 460,065		
Debt	1,050,000	1,050,000		
Allocations and Contributions Payable:				
Beneficiary Organizations	3,709,941	4,328,022		
Jewish Federations of North America	3,411,017	3,686,133		
Leases at Below Market Rates	10,123,475	10,123,475		
Agency Funds Payable	22,553,876	21,182,808		
Other Liabilities	838,263	661,882		
Deferred Income under Pooled Income Agreements Obligations under Split-Interest Agreements	186,004 201,364	188,100 215,878		
Total Liabilities	42,460,644	41,896,363		
Total Liabilities	42,400,044	41,090,303		
NET ASSETS				
Unrestricted	78,024,456	80,183,287		
Temporarily Restricted	11,633,489	4,626,238		
Permanently Restricted	4,344,532	4,344,232		
Total Net Assets	94,002,477	89,153,757		
Total Liabilities and Net Assets	\$ 136,463,121	\$ 131,050,120		

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED AUGUST 31, 2015 AND 2014

	2015							
	Unrestricted			Temporarily Restricted	Permanently Restricted			Total
PUBLIC SUPPORT AND REVENUES								
Public Support:								
Campaigns, Contributions and Other	\$	14,866,629	\$	8,167,986	\$	300	\$	23,034,915
Revenues:								
Interest and Dividends		1,118,625		37,852		-		1,156,477
Net Realized Gain on Investments		1,199,780		50,439		-		1,250,219
Net Unrealized Gain (Loss) on Investments		(4,615,059)		(329,914)		-		(4,944,973)
Change in Value of Split-Interest Agreements		5,846		(2,988)		-		2,858
Rental Income		710,953		-		-		710,953
Other		260,347		-		-		260,347
Total Revenues		(1,319,508)		(244,611)		-		(1,564,119)
Net Assets Released from Restrictions		916,124		(916,124)				
Total Public Support and Revenues		14,463,245		7,007,251		300		21,470,796
EXPENSES								
Program Services:								
Annual Campaign Allocations		6,399,392		-		-		6,399,392
Contribution for Leases at Below-Market Rates		421,811		-		-		421,811
Community Services		1,355,837		-		-		1,355,837
Other Grants and Contributions		5,381,143		-				5,381,143
Total Program Services		13,558,183	,	-		-		13,558,183
Supporting Services:								
Management and General:								
Administrative Expense		1,063,126		-		-		1,063,126
Building Administration		595,057		-		-		595,057
Interest Expense		42,649		-		-		42,649
Provision for Uncollectible Pledges and Loans		69,415		-		-		69,415
Fundraising		1,293,646		_		_		1,293,646
Total Supporting Services		3,063,893		-		-		3,063,893
Total Expenses		16,622,076		-		-		16,622,076
CHANGE IN NET ASSETS		(2,158,831)		7,007,251		300		4,848,720
Net Assets - Beginning of Year		80,183,287		4,626,238		4,344,232		89,153,757
NET ASSETS - END OF YEAR	\$	78,024,456	\$	11,633,489	\$	4,344,532	\$	94,002,477

)14						
Temporarily				ermanently					
 Jnrestricted	F	Restricted		Restricted	Total				
\$ 13,940,354	\$	674,874	\$	797	\$	14,616,025			
1,477,294		78,876		<u>-</u>		1,556,170			
4,240,512		451,770		-		4,692,282			
3,680,744		311,203		-		3,991,947			
235,166		483,109		-		718,275			
734,240		-		-		734,240			
414,110				-		414,110			
10,782,066		1,324,958		-		12,107,024			
 1,162,510		(1,162,510)		<u>-</u>		-			
25,884,930		837,322		797		26,723,049			
7,333,635		_		<u>-</u>		7,333,635			
421,811		_		-		421,811			
1,693,491		-		-		1,693,491			
4,652,114		-		-	4,652,114				
14,101,051		-		-		14,101,051			
1,104,288		-		-		1,104,288			
601,495		-		-		601,495			
37,693		=		-		37,693			
183,272		-		-		183,272			
 1,453,986						1,453,986			
 3,380,734		-		-		3,380,734			
 17,481,785		-		-		17,481,785			
8,403,145		837,322		797		9,241,264			
71,780,142		3,788,916		4,343,435		79,912,493			
\$ 80,183,287	\$	4,626,238	\$	4,344,232	\$	89,153,757			

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED AUGUST 31, 2015

		Program Services						
					Supporting Service Operations			
	Campaign	Other	Community				Total	
	Allocations	Contributions	Services	Federation	Building	Fundraising	Expenses	
Annual Campaign	\$ 6,399,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,399,392	
Contribution for Leases at Below-Market Rates	-	421,811	· -	· -	· -	· -	421,811	
Other Grants and Contributions from JCF	-	5,381,143	-	-	-	-	5,381,143	
Other Expense:								
Employee Expenses	-	-	685,342	525,405	-	883,051	2,093,798	
Professional Fees	-	-	29,603	230,619	4,787	60,640	325,649	
Supplies	-	-	16,484	56,114	2,564	14,426	89,588	
Telephone	-	-	1,105	6,239	167	11,174	18,685	
Postage	-	-	5,774	13,305	-	26,936	46,015	
Occupancy	-	-	209,177	-	110,422	-	319,599	
Equipment and Repairs	-	-	14,806	17,981	-	13,777	46,564	
Publications and Advertising	-	-	36,466	9,198	-	59,931	105,595	
Missions and Travel	-	-	37,991	782	-	2,676	41,449	
Conferences, Meetings and Membership	-	-	192,997	18,913	-	140,750	352,660	
Program Management	_	-	-	_	-	-	-	
Depreciation and Amortization	-	-	102,616	31,683	477,117	-	611,416	
Other	-	-	23,476	152,887	-	80,285	256,648	
Total Other Expense	-	-	1,355,837	1,063,126	595,057	1,293,646	4,307,666	
Interest Expense	-	-	-	4,856	37,793	-	42,649	
Provision for Uncollectible								
Pledges and Loans				69,415			69,415	
Total Expenses	\$ 6,399,392	\$ 5,802,954	\$ 1,355,837	\$ 1,137,397	\$ 632,850	\$ 1,293,646	\$ 16,622,076	

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED AUGUST 31, 2014

		Program Services						
		-		General (General Operations			
	Campaign Allocations			Federation	Building	Fundraising	Total Expenses	
Annual Campaign Contribution for Leases at Below-Market Rates Other Grants and Contributions from JCF	\$ 7,333,635 - -	\$ - 421,811 4,652,114	\$ - - -	\$ - - -	\$ - - -	\$ - - -	\$ 7,333,635 421,811 4,652,114	
Other Expense:								
Employee Expenses	_	_	781,619	601,980	_	1,156,175	2,539,774	
Professional Fees			53,014	213,578	3,985	60,524	331,101	
Supplies	_	_	12,209	15,865	2,922	9,088	40,084	
Telephone	-	-	1,594	9,201	149	2,285	13,229	
Postage	_	_	9,094	3,554	-	28,341	40,989	
Occupancy	-	-	217,898	-	114,771	20,041	332,669	
Equipment and Repairs	-	-	9,373	38,097	-	5,146	52,616	
Publications and Advertising	-	-	54,975	8,706	_	80,261	143,942	
Missions and Travel	-	-	163,433	1,239	_	3,730	168,402	
Conferences, Meetings and Membership	-	_	252,257	69,806	_	77,524	399,587	
Program Management	-	_	12,317	-	_	-	12,317	
Depreciation and Amortization	_	-	102,614	31,358	477,117	_	611,089	
Other	-	-	23,094	110,904	2,551	30,912	167,461	
Total Other Expenses	-	-	1,693,491	1,104,288	601,495	1,453,986	4,853,260	
Interest Expense Provision for Uncollectible	-	-	-	-	37,693	-	37,693	
Pledges and Loans				183,272			183,272	
Total Expenses	\$ 7,333,635	\$ 5,073,925	\$ 1,693,491	\$ 1,287,560	\$ 639,188	\$ 1,453,986	\$ 17,481,785	

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2015 AND 2014

	2015			2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$	4,848,720	\$	9,241,264
Adjustments to Reconcile Change in Net Assets to Net				
Cash Provided (Used) by Operating Activities:				
Depreciation		611,416		611,089
Provision for Uncollectible Pledges and Loans		69,415		183,272
Change in Value of Split-Interest Agreements		(2,858)		(718,275)
Contribution Expense for Leases at Below-Market Rates		421,811		421,811
Imputed Rental Revenue from Contributed Lease		(421,811)		(421,811)
Contributions Received Restricted to Investment in Endowment Funds		(300)		(797)
Contributed Land		-		(900,000)
Net Unrealized (Gain) Loss on Investments		4,944,973		(3,991,947)
Net Realized Gain on Investments		(1,250,219)		(4,692,282)
Unrealized Loss on Real Estate Investments		-		20,559
(Increase) Decrease in Pledges Receivable		2,391		597,228
(Increase) Decrease in Estate Receivable		(7,352,942)		-
(Increase) Decrease in Other Assets		12,680		(47,261)
Increase (Decrease) in Accounts Payable and Accrued Expenses		(73,361)		71,618
Increase (Decrease) in Allocations and Contributions Payable		(893,197)		(745,730)
Increase (Decrease) in Other Liabilities		176,381		(46,474)
Net Cash Provided (Used) by Operating Activities		1,093,099		(417,736)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property and Equipment		-		(43,573)
Increase in Loans Receivable		_		(101,209)
Payments on Loans Receivable		111,902		74,199
Contributions to Agency Funds		3,584,871		2,445,955
Distributions from Agency Funds		(895,602)		(636,776)
Net Change in Split-Interest and Pooled Income Agreements		71,947		(164,567)
Purchases of Investments		(12,568,745)		(11,037,863)
Sale of Investments		9,121,987		10,336,374
Net Cash Provided (Used) by Investing Activities		(573,640)		872,540
CASH FLOWS FROM FINANCING ACTIVITIES				
Contributions Received Restricted to Investment in Endowment Funds		300		797
NET INCREASE IN CASH AND CASH EQUIVALENTS		519,759		455,601
Cash and Cash Equivalents - Beginning of Year		1,719,151		1,263,550
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	2,238,910	\$	1,719,151
SUPPLEMENTAL DISCLOSURE				
Interest Paid During the Year	\$	42,649	\$	37,693

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Minneapolis Jewish Federation (the Organization) is a nonprofit organization which strives to build community, care for the welfare of Jews everywhere and maximize participation in Jewish life.

The consolidated financial statements of the Organization include the Jewish Community Foundation (the JCF), the Jewish Community Building Corporation (the JCBC), and four supporting foundations. The JCF was created by action of the board of directors and is administered by a board of trustees appointed by the president of the Organization, with the approval of the board of directors. The JCF is not a separate legal entity. The JCF accepts gifts for its general, special, and designated funds. It also manages donor advised funds, charitable trusts, remainder trusts, and similar grants in the interest of the community. Actions of the trustees are subject to approval by the JCF Board of Trustees and, when necessary, the Organization's Board of Directors. The JCBC is a wholly owned subsidiary of the Organization, organized for the purpose of holding real estate assets for the Organization. The consolidated financial statements include elimination entries between the Organization and JCBC. The four supporting foundations of the Organization were formed to fund both the Organization and charities supported by the Organization. The Organization appoints a majority of the board members for these foundations. In June 2015, the Organization created a new entity called JCF Condo Holdings, LLC for the purposes of holding and selling two real estate donations. The JCF Condo Holdings, LLC had no financial activity during the year ended August 31, 2015.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

<u>Unrestricted net assets</u> – represent that portion of expendable funds that are available for support of the operations of the Organization.

<u>Temporarily restricted net assets</u> – consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time.

<u>Permanently restricted net assets</u> – consist of contributions that are limited by donorimposed stipulations to invest the principal in perpetuity and to expend the income for program activities.

Principles of Consolidation

The consolidated financial statements herein include the consolidated operations of the Organization, the JCBC, and four supporting organizations. Intercompany transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the consolidated statement of cash flows exclude restricted cash and cash equivalents. At times the balance may exceed federally insured limits.

Investments

Investments consist primarily of debt and equity securities and mutual funds. Investments in marketable debt and equity securities and mutual funds are carried at fair value based on quoted market prices. Certain investments held in alternative structures are estimated by the respective investment managers as market values are not readily determinable. Alternative investments consist of limited liability corporations, limited partnerships, funds of funds and hedge funds. Other investments held by the Organization's supporting organizations are reported at estimated fair value as provided by the supporting organizations using the most recent financial information. The Organization has approximately \$3.0 million and \$3.2 million in 2015 and 2014, respectively, in non-publicly traded equity investments within the supporting organizations that are reported at cost. The Organization also has approximately \$3.0 million in 2015 and \$3.3 million in 2014 in Israel bonds and an interest in a real estate partnership that is reported at cost.

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

Pledges Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements. Gifts with donor stipulations that the corpus be maintained in perpetuity are recorded as permanently restricted net assets. Unconditional promises to give due in subsequent years are reflected as pledges receivable and are recorded at the present value of the expected future cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Pledges

The balance in the allowance for uncollectible pledges is based on management's analysis of unpaid pledges and reflects an amount that, in management's judgment, is adequate to provide for losses after giving consideration to past experience, current economic conditions, and other factors deserving current recognition.

Loans Receivable

The loans receivable consist of non-interest bearing notes with maturities through 2022. The Organization provides an allowance for uncollectible loans using the allowance method as well as a specific identification method.

Estate Receivables

The estate receivables consist of three bequests recorded at the estimated value of the Organization's portion of the estate. Each bequest is at various stages in the determination or pay-out of the estate funds to the Organization. Estate receivables are recorded at the present value of any long term portion of the expected pay-out.

Interest in Charitable Trusts Held by Others

An asset is recorded for the net present value of future cash flows from charitable remainder trusts held by others. The Organization will receive these assets upon the death of the beneficiaries.

Pooled Income Funds

The Organization has pooled income funds in which the donor is to receive a life interest in any income earned on these funds. Upon the donor's death, the value of the fund is available to the Organization for unrestricted use. The funds are stated at their fair value as of August 31, 2015 and 2014.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Expenditures for renewal and betterments are capitalized. Repair and maintenance costs are charged to expense. Gifts of long-lived assets such as land, buildings, or equipment are recorded at fair value at the date of donation. 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 reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Interest is capitalized in connection with the construction of facilities. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's useful life.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The Organization capitalizes items over \$5,000. Depreciation is calculated on a straight-line basis over the estimated useful lives of the underlying assets, ranging from 3 to 10 years for the various elements of furniture and equipment, 15 years for building systems and 40 years for buildings and improvements.

Land Held for Sale

Land held for sale is carried at the lower of cost or estimated fair value. If the land is donated, cost is considered the fair value as of the date of donation.

Allocations and Contributions Payable

The Organization has binding commitments to fund beneficiary organizations and the Jewish Federations of North America. The allocations are recorded when approved by the Organization's Board of Directors.

Agency Funds Payable

The Organization follows accounting guidance regarding transfer of assets to a nonprofit that raises or holds contributions for others. Contributions where the donor has specified the beneficiary or the determination of the beneficiary is under the control of another third party are treated as agency transactions and are not reported as contribution revenues or grant distributions in the consolidated statement of activities unless the Organization has variance power with respect to the determination of the beneficiary. Variance power is the unilateral ability to redirect the use of the transferred assets to another beneficiary.

<u>Deferred Income under Pooled Income Agreements</u>

Deferred revenue is recorded on pooled income funds to represent the amount of the discount for future interest. The liability is calculated as the difference between the fair value of the pooled income funds and the actuarially determined net present value of these assets.

Obligations under Split-Interest Agreements

A liability is recorded for certain assets for which the Organization acts as an agent. The related agreements have stipulations that the assets be passed on to specific entities.

Functional Allocation of Expenses

Expenses are specifically allocated to the various programs and supporting services whenever practical and, when this is impractical, allocations are made on the basis of best estimates of management.

Advertising Expenses

Advertising costs are expensed when incurred. Advertising costs were \$28,261 and \$20,123 for the years ended August 31, 2015 and 2014, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses, allocations and contributions payable, and agency funds payable approximate fair value because of the short maturity of these financial instruments. Pledges receivable are recorded at fair value, using an appropriate discount rate. Investments are carried at fair value, based upon quoted market values or estimated fair value as determined by the general partner and the fund's manager. Assets for split-interest agreements are reported at fair value based on the fair value of the underlying investments. An estimate of the fair value of the contract for deed reported as a component of long-term debt is not readily determinable. Deferred income under pooled income agreements and obligations under split-interest agreements are reported at fair value based on life expectancy of the beneficiary and the present value of expected cash flows using a discount rate.

Fair Value Measurements

In accordance with accounting standards, the Organization has categorized its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. Level 1 assets of the Organization include corporate stocks, bonds, and mutual funds.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 2 assets include corporate bonds and mutual funds and alternative investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Securities valued using Level 3 assets include alternative investments, pooled income funds and interest in charitable trusts held by others. A description of the alternative investments can be found in Note 1 under investments.

Uniform Prudent Management of Institutional Funds Act

During 2008, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the State of Minnesota. In August 2008, accounting guidance was released which provided guidance on the classification of endowment fund net assets for states that have enacted versions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of the consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Tax Exempt Status

The Organization received authority from the Internal Revenue Service (IRS) to operate as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and the JCBC is exempt under Section 501(c)(25) of the IRC. The supporting foundations included in these consolidated financial statements are also exempt from income taxes under Section 501(c)(3) of the IRC. JCF Condo Holdings, LLC is a wholly owned limited liability corporation of the Organization and all activities are included in the filings of the Organization.

The Organization has adopted a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy describes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Organizations' consolidated financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the consolidated statement of activities because the criteria for recognition have not been satisfied.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 14, 2016, the date the consolidated financial statements were available to be issued.

NOTE 2 INVESTMENTS

A summary of investments by type at August 31, 2015 and 2014 is as follows:

	2015	2014
Cash and Cash Equivalents	\$ 3,698,842	\$ 3,205,733
Corporate Stocks and Equity Mutual Funds	54,618,470	52,066,219
Corporate Bonds and Bond Mutual Funds	7,900,536	11,718,602
Israel Bonds	963,363	1,279,301
Interest in Real Estate Partnership	2,000,000	2,000,000
Pooled Income Funds, Underlying Investments in:		
Cash and Cash Equivalents	30,997	18,838
Corporate Stocks and Equity Mutual Funds	236,126	270,215
Corporate Bonds and Bond Mutual Funds	337,175	322,053
Alternative Investments, Underlying Investments in:		
Private Equity and Hedge Funds	10,785,809	10,839,256
Corporate Bonds	7,533,858	6,873,101
International Hedge Fund	-	67,795
Real Estate	3,902,865	3,582,986
Investment Held by Supporting Organizations:		
Cash and Cash Equivalents	1,106,711	1,423,180
Corporate Stocks and Equity Mutual Funds	4,818,922	5,610,312
Corporate Bonds and Bond Mutual Funds	844,131	849,204
Alternative Investments, Underlying Investments in:		
Private Equity and Hedge Funds	4,376,882	4,706,946
Other	548,402	518,256
Total Investments	\$ 103,703,089	\$ 105,351,997

NOTE 2 INVESTMENTS (CONTINUED)

Investments are included in the following asset categories on the consolidated statements of financial position as of August 31, 2015 and 2014:

	2015	2014
Investments	\$ 102,898,871	\$ 104,465,068
Investments Held in Charitable Trusts	199,920	275,823
Pooled Income Funds	604,298_	611,106
Total Investments	\$ 103,703,089	\$ 105,351,997

Investment income (loss) for the years ended August 31, 2015 and 2014 consisted of the following:

	2015	 2014
Interest and Dividends	\$ 1,275,261	\$ 1,675,072
Realized Gain on Investments	1,250,219	4,692,282
Net Unrealized Gain (Loss) on Investments	(4,944,973)	3,991,947
Investment Expenses	(118,784)	(118,902)
Total	\$ (2,538,277)	\$ 10,240,399

NOTE 3 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of August 31, 2015 and 2014:

	2015							
		Level 1		Level 2		Level 3		Total
Corporate Stocks and Equity Mutual Funds	\$	54,618,470	\$	-	\$	-	\$	54,618,470
Corporate Bonds and Bond Mutual Funds		7,900,536		-		-		7,900,536
Pooled Income Funds, Underlying Investments in:								
Cash and Cash Equivalents		-		-		30,997		30,997
Corporate Stocks and Equity Mutual Funds		-		-		236,126		236,126
Corporate Bonds and Bond Mutual Funds		-		-		337,175		337,175
Alternative Investments, Underlying Investments in:								
Private Equity and Hedge Funds		-		10,335,648		450,161		10,785,809
Corporate Bonds		-		3,970,503		3,563,355		7,533,858
Real Estate		-		3,481,415		421,450		3,902,865
Investment Held by Supporting Organizations:				., . ,		,		-, ,
Corporate Stocks and Equity Mutual Funds		4,818,922		_		-		4,818,922
Corporate Bonds and Bond Mutual Funds		844,131		_		_		844,131
Alternative Investments, Underlying Investments in:		0,.0.						0,.0.
Private Equity and Hedge Funds		_		_		1,398,235		1,398,235
Interest in Charitable Trusts Held by Others		_		_		1,610,090		1,610,090
Total	\$	68,182,059	\$	17,787,566	\$	8,047,589	\$	94,017,214
	<u> </u>	, - ,	=	, , , , , , , , , , , , , , , , , , , ,	Ė	-7- 7	Ė	
	_				014			
		Level 1		Level 2		Level 3		Total
Corporate Stocks and Equity Mutual Funds	\$	52,066,219	\$	-	\$	-	\$	52,066,219
Corporate Bonds and Bond Mutual Funds		11,718,602		-		-		11,718,602
Pooled Income Funds, Underlying Investments in:								
Cash and Cash Equivalents		-		-		18,838		18,838
Corporate Stocks and Equity Mutual Funds		-		-		270,215		270,215
Corporate Bonds and Bond Mutual Funds		-		-		322,053		322,053
Alternative Investments, Underlying Investments in:								
Private Equity and Hedge Funds		-		10,117,800		721,456		10,839,256
Corporate Bonds		-		3,641,244		3,231,857		6,873,101
International Hedge Fund		-		67,795		-		67,795
Real Estate		-		3,315,286		267,700		3,582,986
Investment Held by Supporting Organizations:								
Corporate Stocks and Equity Mutual Funds		5,610,312		-		-		5,610,312
Corporate Bonds and Bond Mutual Funds		849,204		-		-		849,204
Alternative Investments, Underlying Investments in:								
Private Equity and Hedge Funds		-		-		1,510,907		1,510,907
Interest in Charitable Trusts Held by Others		-		-		1,613,078		1,613,078
Total	\$	70,244,337	\$	17,142,125	\$	7,956,104	\$	95,342,566
			_					

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended August 31, 2015:

		Pooled Income	Alternative Investments Private Equity and Hedge		vestments Investment vate Equity Private Eq and Hedge and Hedge		
Polonoco on of Contembor 4, 2044	_	Funds	\$	Funds 704 456	Φ.	Funds	
Balances as of September 1, 2014	\$	611,106	Ф	721,456	\$	1,510,907	
Net Realized and Unrealized Gains (Losses)		(6,808)		(89,942)		1,300	
Net Investment Income		-		-		-	
Change in Value of Split-Interest Agreements Purchases of Investments		-		-		-	
Sale of Investments		-		(404.252)		(2.204)	
Cash Disbursements		-		(181,353)		(3,304)	
		-		-		(110,668)	
Expenses	_			450.404	Φ.	4 200 025	
Balances as of August 31, 2015	\$	604,298	\$	450,161	\$	1,398,235	
			Al	ternative	I	Interest in	
	Α	Iternative	Inv	vestment	nent Charitab		
	In	vestment	Re	Real Estate Tr		rusts Held	
	В	ond Funds	Pa	artnership		by Others	Total
Balances as of September 1, 2014	\$	3,231,857	\$	267,700	\$	1,613,078	\$ 7,956,104
Net Realized and Unrealized Gains (Losses)		81,471		(75,000)		-	(88,979)
Net Investment Income		1,103		-		-	1,103
Change in Value of Split-Interest Agreements		-		-		(2,988)	(2,988)
Purchases of Investments		632,456		255,000		-	887,456
Sale of Investments		(383,532)		(26,250)		-	(594,439)
Cash Disbursements		-		-		-	(110,668)
Expenses		-		_		_	
Balances as of August 31, 2015	\$	3,563,355	\$	421,450	\$	1,610,090	\$ 8,047,589

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets and Liabilities (Continued)

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended August 31, 2014:

	Alternative Investments Pooled Private Equity Income and Hedge Funds Funds		O A In Pri	Supporting rganization Alternative executivestments ivate Equity and Hedge Funds				
Balances as of September 1, 2013	\$	583,618	\$	844,834	\$	1,536,555		
Net Realized and Unrealized Gains (Losses)		27,488		51,400		132,329		
Net Investment Income		-		76,155		(711)		
Change in Value of Split-Interest Agreements		-		-		=		
Purchases of Investments		-		138,196		=		
Sale of Investments		-		(389,129)		(2,627)		
Cash Disbursements		-		-		(146,307)		
Expenses						(8,332)		
Balances as of August 31, 2014	\$	611,106	\$	721,456	\$	1,510,907		
				ternative		Interest in		
		Iternative		vestment	Charitable			
		vestment				rusts Held		T-(-1
Pelanca and October 4, 0040		ond Funds		artnership		by Others	_	Total
Balances as of September 1, 2013	\$	400.057	\$	(00,000)	\$	1,129,969	\$	4,094,976
Net Realized and Unrealized Gains (Losses)		100,057		(32,300)		-		278,974
Net Investment Income		-		-		400.400		75,444
Change in Value of Split-Interest Agreements Purchases of Investments		2 544 000		200.000		483,109		483,109
		3,511,800		300,000		-		3,949,996
Sale of Investments		(380,000)		-		-		(771,756)
Cash Disbursements		-		-		-		(146,307)
Expenses	•	2 224 057	Ф.	267.700	_	1 612 070	_	(8,332)
Balances as of August 31, 2014	Ф	3,231,857	\$	201,100	\$	1,613,078	\$	7,956,104

In September 2009 guidance was issued under the ASC Topic - Fair Value Measurements and Disclosures which clarified the fair value level classification for entities that calculate net asset value per share or its equivalent. The guidance states that "if a reporting entity has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date, the fair value measurement of the investment shall be categorized as a Level 2 fair value measurement."

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of August 31, 2015:

				Redemption	
	Net Asset Value	Unfunded Commitments		Frequency (If Currently Eligible)	Redemption Notice Period
Alternative Investments, Underlying Investments in:	 				
Private Equity and Hedge Funds	\$ 4,247,923	\$	-	Semi-Annual	95 Days
Private Equity and Hedge Funds	450,161		22,827	Not Available*	Not Applicable
Private Equity and Hedge Funds	2,944,566		-	Monthly	30 Days
Private Equity and Hedge Funds	3,143,159		-	Quarterly	30 Days
Corporate Bonds	3,563,355		-	Not Available**	Not Applicable
Corporate Bonds	3,970,503		-	Annual	30 Days
International Hedge Fund	-		-	Annual	100 Days
Real Estate	3,481,415		-	Daily	5 Days
Real Estate	421,450		945,000	Not Available**	Not Applicable
Investment Held by Supporting Organizations:					
Alternative Investments	940,212		-	Quarterly	45 Days
Alternative Investments	458,023		48,330	Not Available*	Not Applicable

^{*} Redemption upon the request of the shareholders is not available

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of August 31, 2014:

	 Net Asset Value	Unfunded Commitments		Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative Investments, Underlying Investments in:					
Private Equity and Hedge Funds	\$ 4,008,533	\$	-	Semi-Annual	95 Days
Private Equity and Hedge Funds	721,456		52,827	Not Available*	Not Applicable
Private Equity and Hedge Funds	2,068,728		-	Monthly	30 Days
Private Equity and Hedge Funds	4,040,539		-	Quarterly	30 Days
Corporate Bonds	3,231,857		-	Not Available**	Not Applicable
Corporate Bonds	3,641,244		-	Annual	30 Days
International Hedge Fund	67,795		-	Annual	100 Days
Real Estate	3,315,286		-	Daily	5 Days
Real Estate	267,700		1,200,000	Not Available**	Not Applicable
Investment Held by Supporting Organizations:					
Alternative Investments	976,116		-	Quarterly	45 Days
Alternative Investments	534,791		48,330	Not Available*	Not Applicable

^{*} Redemption upon the request of the shareholders is not available

^{**} Redemption of the investment is unavailable for two years due to a lockout period

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Alternative investments with underlying investments in private equity and hedge funds include investments in private equity companies. The fair value of the investment in this category is estimated using the net asset value per share of the investment.

The corporate bond fund attempts to generate stable, predictable returns with relatively low correlation to the broader debt and equity markets. The fund seeks capital appreciation and current income by investing in value-oriented, event-driven debt and equity securities with an emphasis on debt instruments. The fund provides market and type of underlying investments; the Organization values positions using the NAV.

The fair value of alternative investments with underlying investments in international hedge funds is an equity fund and is based on quoted market prices for the underlying securities which comprise the net asset value of the investment.

The fair value of alternative investments with underlying investments in real estate is based on quoted market prices for the underlying real estate which comprise the net asset value of the investment. The funds provide full disclosure of the underlying holdings.

Alternative investments held by supporting organizations include investments in international private equity companies. The fair value of the investment in this category is estimated using the net asset value per share of the investment.

NOTE 4 PLEDGES RECEIVABLE, NET

Pledges receivable at August 31, 2015 were received in conjunction with the Annual and Capital campaigns as well as other fundraising activities:

		Annual		
	Campaign			Capital
		and Other	C	ampaign
Fiscal Year 2016 Annual Campaign and Beyond	\$	439,544	\$	-
Fiscal Year 2015 Annual Campaign		5,560,000		-
Prior Years Annual Campaign		2,401,904		-
Other		55,426		-
Capital Campaign		-		614,506
Prior Years and Other Pledges Receivable		-		-
Israel Emergency Campaign		-		
		8,456,874		614,506
Estimated Commitment from JCF		(1,326,000)		-
Allowance for Uncollectible Pledges		(1,600,000)		(329,588)
Pledges Receivable, Net	\$	5,530,874	\$	284,918

NOTE 4 PLEDGES RECEIVABLE, NET (CONTINUED)

Annual campaign, Capital campaign and other pledges receivable as of August 31, 2015 are anticipated to be collected as follows:

	Annual			
	Campaign		Capital	
	and Other	Campaign		
Amounts Due in:	 			
Less than One Year	\$ 7,118,474	\$	614,506	
One Year to Five Years	12,400		-	
	 7,130,874		614,506	
Allowance for Uncollectible Pledges	 (1,600,000)		(329,588)	
Pledges Receivable, Net	\$ 5,530,874	\$	284,918	

Pledges receivable at August 31, 2014 were received in conjunction with the Annual and Capital campaigns as well as other fundraising activities:

	Α	nnual		
	Ca	mpaign		Capital
	an	d Other	C	ampaign
Fiscal Year 2015 Annual Campaign and Beyond	\$	643,924	\$	-
Fiscal Year 2014 Annual Campaign	Į.	5,223,933		-
Prior Years Annual Campaign	•	1,956,899		-
Other		149,212		-
Capital Campaign				983,218
		7,973,968	,	983,218
Estimated Commitment from JCF		(793,000)		-
Allowance for Uncollectible Pledges	('	1,600,000)		(676,588)
Pledges Receivable, Net	\$ 5	5,580,968	\$	306,630

Annual campaign, Capital campaign and other pledges receivable as of August 31, 2014 are anticipated to be collected as follows:

Annual			
	_	Capital	
 and Other	Campaign		
\$ 7,176,168	\$	983,218	
 4,800			
7,180,968		983,218	
 (1,600,000)		(676,588)	
\$ 5,580,968	\$	306,630	
	Campaign and Other \$ 7,176,168 4,800 7,180,968 (1,600,000)	Campaign and Other C \$ 7,176,168	

NOTE 4 PLEDGES RECEIVABLE, NET (CONTINUED)

The Capital campaign was an endeavor of the Organization to allow the Minneapolis Jewish Community to build and restore the infrastructure of many of its community institutions and to expand the scope of Jewish educational programming. Contributions to the Capital campaign are treated as temporarily restricted contributions, as donors have stipulated that such contributions be restricted for the specific purposes of the Capital campaign.

NOTE 5 LOANS RECEIVABLE

Loans receivable consist of the following at August 31, 2015 and 2014:

	2015		2014
Sabes JCC	\$ 2,573,466		\$ 2,592,038
Torah Academy	396,468		419,236
Jewish Family and Children's Service	91,855		127,170
JHAP	-		30,000
Hillel	41,474		42,959
Sholom Community Alliance	21,215		21,215
Heilicher Minneapolis Jewish Day School	2,294		3,441
Other	4,349	_	6,964
Total Gross Loans Receivable	3,131,121		3,243,023
Less: Allowance for Uncollectible Amounts	(2,788,173)		(2,788,173)
Net Loans Receivable	\$ 342,948	_	\$ 454,850

As of August 31, 2015 and 2014, approximately 78% and 75% of the gross loans receivable are considered past due loans.

NOTE 6 SPLIT - INTEREST AGREEMENTS

The Organization has entered into various charitable remainder trusts, gift annuities, and pooled income arrangements with donors.

Charitable remainder trusts, gift annuities, and pooled income arrangements obligate the Organization to make payments to the annuitants and trust recipients for the remainder of their lives. A liability has been recorded equal to the present value of the estimated future obligations.

The various deferred gift obligations have various imputed interest rates. IRS life expectancy tables are utilized to determine life expectancies. Liabilities under split - interest agreements amounted to \$201,364 and \$215,878 at August 31, 2015 and 2014, respectively.

NOTE 6 SPLIT – INTEREST AGREEMENTS (CONTINUED)

Other revenues and losses under split - interest agreements include gains in the change in value of split-interest agreements of \$2,858 and \$718,275 during the years ended August 31, 2015 and 2014, respectively.

The Organization has pooled income funds, which are administered through an arrangement with the Jewish Foundations of North America. These arrangements provide for investment of donors' life income gifts in a fund combined with the gifts of other donors. Pooled income funds are stated at their fair value as of August 31, 2015 and 2014. Deferred revenue is the difference between the fair value of the pooled income funds and the actuarially determined net present value of these assets. The net present value of pooled income funds is based on the estimated life expectancies of the donors.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2015	2014
Land	\$ 846,000	\$ 846,000
Building and Improvements	21,603,862	21,603,862
Furniture and Equipment	356,450	356,450
	22,806,312	22,806,312
Accumulated Depreciation	(8,834,556)	(8,223,140)
Total	\$ 13,971,756	\$ 14,583,172

NOTE 8 LONG-TERM DEBT

In April 2012, the Organization refinanced its note payable with a \$1,550,000 note payable through a bank. The note bears interest at a fixed rate of 3.55%. The balance on the note payable as of August 31, 2015 is \$1,050,000. No further principal payments are required until maturity of the note on April 1, 2017, when the remaining principal balance is due. The loan is secured by a security interest in certain assets of the Federation.

Future scheduled maturities on the note payable are as follows:

Year Ending August 31,	 Amount
2016	\$ -
2017	 1,050,000
Total	\$ 1,050,000

NOTE 9 LINES OF CREDIT

At August 31, 2015, the Organization has a \$3,000,000 line of credit available with interest at 1.75% above the 30-day LIBOR (London Interbank Offered Rate) with a maturity date of March 29, 2017. The rate was 1.94% at August 31, 2015. The line of credit is secured by certain assets of the Organization. At August 31, 2015 and 2014 the balance on this line was \$-0-.

NOTE 10 RETIREMENT PLANS

The Organization maintains a defined contribution plan for essentially all employees of the Organization. The Organization made contributions of \$31,282 in the year ended August 31, 2015 and \$33,265 in the year ended August 31, 2014.

The Organization established a 457b deferred compensation plan for one of its employees with an effective date of January 1, 2011. Under the plan, deferred compensation contributions and investment earnings less fees and expenses are held for the participant until paid according to the provisions of the plan. The Organization made contributions of \$-0- and \$19,260 in the years ended August 31, 2015 and 2014, respectively. The investment balanced related to the plan as of August 31, 2015 and 2014 was \$47,808 and \$59,760, respectively.

The Organization also has a deferred compensation agreement with one of its former employees. At August 31, 2015 and 2014, approximately \$300,000 was vested under the agreement. Vested amounts will be paid in ten annual equal installments beginning 60 days prior to the employee's 65th birthday. The liability recorded related to this agreement was \$146,000 and \$138,000 at August 31, 2015 and 2014, respectively.

NOTE 11 ALLOCATIONS PAYABLE

The Organization has commitments to fund beneficiary organizations and the Jewish Federations of North America in the amount of \$7,120,958 and \$8,014,155 as of August 31, 2015 and 2014, respectively. Such amounts are reported as allocations payable in the consolidated financial statements. The board of directors, following the conclusion of the annual fundraising campaign, approves these amounts.

Allocations to fund beneficiary organizations and the Jewish Federations of North America are included in the following liability categories on the consolidated statement of financial position as of August 31, 2015 and 2014:

	 2015		2014
Beneficiary Organizations	\$ 3,709,941	_	\$ 4,328,022
Jewish Federations of North America	3,411,017		3,686,133
Total	\$ 7,120,958		\$ 8,014,155

2015

2017

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at August 31, 2015 and 2014:

	 2015			2014		
Capital Campaign	\$ 927,893	•	\$	580,358		
Jewish Community Foundation, Donor-Designated						
Amounts	10,091,412			3,240,856		
Following Year Campaign	471,824			676,204		
Building	105,860			105,860		
Designated Gifts	 36,500			22,960		
Total Temporarily Restricted Net Assets	\$ 11,633,489		\$	4,626,238		

The Capital campaign raised funds for a wide range of projects within the Jewish community. Donors contribute to the Organization in support of the overall community effort; the Organization is responsible for projects underwritten by the Capital campaign.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or through the passage of time.

NOTE 13 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. Income earned on these assets is expended according to donor stipulations. Permanently restricted net asset balances and the purposes the income is expendable to support as of August 31, 2015 and 2014 are as follows:

	 2015			2014		
Designated for Specific Purposes by Donors	\$ 52,925	,	\$	52,625		
General Purposes of the Organization	 4,291,607			4,291,607		
Total Permanently Restricted Net Assets	\$ 4,344,532		\$	4,344,232		

NOTE 14 RELATED PARTIES

The Organization serves as the central planning, budgeting and fundraising organization for the Jewish community. To the extent that there may be overlapping directorates between the Organization and other charitable organizations that it funds, related party relationships may exist between the Organization and these beneficiary organizations. The Organization has adopted a conflict of interest policy for its board of directors and staff members. In certain cases, members of the board may also serve on the boards or participate in the management of entities that provide services to the Organization.

NOTE 14 RELATED PARTIES (CONTINUED)

Many members of the Organization's Board of Directors and staff make contributions to the Organization. These amounted to \$230,500 and \$385,500 for the years ended August 31, 2015 and 2014, respectively. Pledges receivable at August 31, 2015 and 2014 include \$561,000 and \$332,000, respectively, due from members of the board of directors and staff. Approximately 90% of the pledge receivable at August 31, 2015 related to the 2014, 2015 and 2016 campaigns.

NOTE 15 SIGNIFICANT CONCENTRATION OF CREDIT RISK

As of August 31, 2015 and 2014 approximately 13% and 15%, respectively, of the Organization's pledges receivable balance is from one donor. As of August 31, 2015 approximately 100% of the Organization's estate receivables were from three organizations. No concentrations of estate receivables existed as of August 31, 2014.

As of August 31, 2015 approximately 39% of contribution revenue was from two estate gifts. No concentrations of contribution revenue existed as of August 31, 2014.

NOTE 16 BARRY FAMILY CAMPUS

Ground Lease

The JCBC entered into a lease, commencing August 30, 2002, with the Sabes JCC to lease the land for a period of 99 years at \$1 per year. The JCBC transferred management and all associated costs to the Barry Family Campus (the Campus) in 2007. The lease qualifies for treatment as a capital lease by the Organization; however, no amounts are recorded on the consolidated statement of financial position to reflect the fair value of the leased property because the Organization derives no financial benefit under the lease.

Sublease

As part of the Organization's Capital campaign, the JCBC made substantial improvements to the Campus. These improvements are included in property and equipment on the consolidated statement of financial position of the Organization.

The JCBC also entered into three subleases, commencing September 1, 2002, with the three primary tenants of the Campus (including the Sabes JCC). The subleases are for a period of 25 years at \$1 per year and automatically renew for an additional year at the end of each year. Under the subleases, the tenants are to reimburse the Barry Family Campus for their pro-rata share of the maintenance and utility costs of the Campus. The Barry Family Campus records the reimbursement of maintenance and utility costs for the building as an offset to expense in the consolidated statement of activities. The rental payments under the subleases of \$1 have been determined by the Organization to be below fair value.

NOTE 16 BARRY FAMILY CAMPUS (CONTINUED)

Sublease (Continued)

Consequently, the JCBC has recorded a contribution made to the tenants of the Campus for the estimated fair value of the rent over the term of the subleases. The Organization has used depreciation expense attributable to the improvements made by the Organization to the Campus over the term of the subleases as its estimate of fair value.

NOTE 17 ENDOWMENT

In August 2008, accounting guidance was issued that provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The guidance also expands disclosures about an organization's endowment funds (both donor restricted and board designated endowment funds) whether or not the organization is subject to UPMIFA. The Organization has adopted this accounting guidance.

Since December 22, 1980, there has been in effect a Policy Statement adopted by the Organization's Board of Directors. Under the terms of the Policy Statement, the board of directors has the power to modify or eliminate any donor-imposed condition, limitation or restriction on any contribution if one or more of the conditions, limitations or restrictions become impracticable or impossible to fulfill. This power is referred to as the "variance power." Because the variance power allows the board of directors to eliminate donor-imposed time restrictions under certain limited circumstances, most of the Organization's funds that are administered as endowment funds are not endowment funds within the meaning of UPMIFA.

Permanently restricted net assets represent the portion of each gift that the Organization has concluded must be retained permanently in accordance with explicit donor stipulations or, in the absence of such stipulations, must be retained permanently consistent with the relevant law. Donor-restricted endowment funds are not classified as permanently restricted assets if the Organization has determined that the variance power applies to the funds.

Temporarily restricted net assets consist of irrevocable charitable trusts, purpose restricted contributions, restricted contributions receivable, and the portion of donor-restricted endowment funds that is not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Unrestricted net assets represent that portion of expendable funds that is available for support of the programs and operations of the Foundation.

NOTE 17 ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of such fund. The amounts by which the endowment funds have fallen below such recorded values were approximately \$-0- as of August 31, 2015 and 2014. These differences resulted from unfavorable market fluctuations that occurred after the investment of new contributions to the endowment funds and continued appropriation for certain programs that were deemed prudent by the board of directors. These differences are reported in unrestricted net assets.

Return Objectives and Risk Parameters

The Organization offers donors a choice of three investment pools: the Conservative Investment Pool, the Balanced Investment Pool, and the Long-Term Investment Pool. The Conservative Pool seeks a modest degree of income by investing primarily in a combination of short to intermediate term bond funds. The primary objective is for the preservation of principal. The Balanced Investment Pool seeks to provide sufficient returns to meet the distribution policy by investing in a mix of stocks and bonds. This pool is most appropriate for funds that make modest distributions each year, but intend to leave the majority of the fund balance untouched over a 3- to 7-year period. The Long-Term Investment Pool seeks to provide for real growth by producing returns that provide a 1% growth premium above the distribution policy. This pool is most appropriate for funds that distribute a small proportion of the fund balance each year or will make no distributions for a number of years before beginning to make allocations.

Strategies for Achieving Objectives

The Organization believes the achievement of investment returns should be viewed in a long-term context. Investments are made to balance the goals of achieving desirable long-term results while maintaining the liquidity necessary to meet donor-advised distribution requests based upon the general governing philosophy of (a) achieving long-term growth of assets while preserving capital, (b) targeting investment strategies which demonstrate the ability to generate consistent long-term results and (c) earning the highest total return that is prudently possible consistent with the risk tolerance deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's general practice is to distribute up to 5% each calendar year of the market value of its endowment fund, provided such a distribution does not reduce the value of the fund below the permanently restricted amount. This is consistent with Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 17 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

The following is a summary of endowment funds subject to Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) for the years ended August 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets September 1, 2014 Investment Income Net Realized and Unrealized Loss on Investments Contributions Appropriations of Endowment	\$ - - - -	\$ 1,626,780 37,852 (279,475)	\$ 4,344,232 - - 300	\$ 5,971,012 37,852 (279,475) 300
Assets for Expenditure Endowment Net Assets August 31, 2015	\$ -	(257,775) \$ 1,127,382	\$ 4,344,532	(257,775) \$ 5,471,914
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets September 1, 2013 Investment Income Net Realized and Unrealized Gain on Investments Contributions Appropriations of Endowment Assets for Expenditure	\$ - - -	\$ 1,278,652 78,876 762,973 - (493,721)	\$ 4,343,435 - - 797	\$ 5,622,087 78,876 762,973 797 (493,721)
Endowment Net Assets August 31, 2014	\$ -	\$ 1,626,780	\$ 4,344,232	\$ 5,971,012

NOTE 18 LITIGATION

The Organization is involved in legal claims incidental to the normal course of its activities. The Organization maintains liability insurance coverage for such contingencies which could potentially be exceeded by the claims. Although the ultimate outcomes are not reasonably determinable or probable, management believes, based on their current assessment, that the final disposition of these claims will not have a material adverse effect on the consolidated financial position of the Organization.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION AUGUST 31, 2015

(SEE INDEPENDENT AUDITOR'S REPORT)

	Federation (Including JCF) JCBC		Supporting Organizations	Eliminations	Consolidated	
ASSETS						
Cash and Cash Equivalents	\$ 1,806,924	\$ 431,986	\$ -	\$ -	\$ 2,238,910	
Investments	90,998,623	-	11,900,248	-	102,898,871	
Land Held for Sale	967,288	-	-	-	967,288	
Due from Related Parties	1,240,894	=	=	(1,240,894)	-	
Pledges Receivable, Net:	, ,			, , ,		
Annual Campaign	5,530,874	-	-	-	5,530,874	
Capital Campaign	284,918	-	_	-	284,918	
Loans Receivable, Net	208,006	134,942	-	-	342,948	
Estate Receivables	7,352,942	, -	-	-	7,352,942	
Split-Interest Agreements:						
Investments Held in Charitable Trusts	199,920	-	-	-	199,920	
Interest in Charitable Trusts Held by Others	4,743	-	-	-	4,743	
Pooled Income Funds	604,298	-	-	-	604,298	
Receivable from Termed Charitable Trust	1,605,347	-	-	-	1,605,347	
Property and Equipment, Net of						
Accumulated Depreciation	61,627	13,910,129	-	-	13,971,756	
Other Assets	449,966	10,340	-	-	460,306	
Total Assets	\$ 111,316,370	\$ 14,487,397	\$ 11,900,248	\$ (1,240,894)	\$ 136,463,121	
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts Payable and Accrued Expenses	\$ 358,452	\$ 28,252	\$ -	\$ -	\$ 386,704	
Debt	-	1,050,000	-	-	1,050,000	
Allocations and Contributions Payable:						
Beneficiary Organizations	3,709,941	-	-	=	3,709,941	
Jewish Federations of North America	3,411,017	-	-	-	3,411,017	
Leases at Below Market Rates	-	10,123,475	-	-	10,123,475	
Due to Related Parties	-	1,240,894	-	(1,240,894)	-	
Agency Funds Payable	22,553,876	-	-	-	22,553,876	
Other Liabilities	649,182	189,081	-	-	838,263	
Deferred Income under Pooled						
Income Agreements	186,004	-	-	-	186,004	
Obligations under Split-Interest Agreements	201,364				201,364	
Total Liabilities	31,069,836	12,631,702	-	(1,240,894)	42,460,644	
Net Assets:						
Unrestricted	64,374,373	1,749,835	11,900,248	-	78,024,456	
Temporarily Restricted	11,527,629	105,860	-	-	11,633,489	
Permanently Restricted	4,344,532	-	-	=	4,344,532	
Total Net Assets	80,246,534	1,855,695	11,900,248		94,002,477	
Total Liabilities and Net Assets	\$ 111,316,370	\$ 14,487,397	\$ 11,900,248	\$ (1,240,894)	\$ 136,463,121	

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION AUGUST 31, 2014

(SEE INDEPENDENT AUDITORS' REPORT)

	Federation (Including JCF)	JCBC	Supporting Organizations	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	\$ 1,363,854	\$ 355,297	\$ -	\$ -	\$ 1,719,151
Investments	90,892,584	Ψ 000,207	13,572,484	Ψ -	104,465,068
Land Held for Sale	967,288	_	10,072,404	_	967,288
Due from Related Parties	1,234,476	_	-	(1,234,476)	-
Pledges Receivable, Net:	.,_0 ., 0			(:,=0:,::0)	
Annual Campaign	5,580,968	_	-	_	5,580,968
Capital Campaign	306,630	_	_	_	306,630
Loans Receivable, Net	298,409	156,441	_	_	454,850
Split-Interest Agreements:	200, 100	100,111			10 1,000
Investments Held in Charitable Trusts	275,823	_	_	_	275,823
Interest in Charitable Trusts Held by Others	7,731	_	_	_	7,731
Pooled Income Funds	611,106	_	_	_	611,106
Receivable from Termed Charitable Trust	1,605,347	_	_	_	1,605,347
Property and Equipment, Net of	.,000,0				.,000,0
Accumulated Depreciation	93,310	14,489,862	_	_	14,583,172
Other Assets	463,927	9,059	-	_	472,986
5 iii 61 7 issoits	,	0,000			2,000
Total Assets	\$ 103,701,453	\$ 15,010,659	\$ 13,572,484	\$ (1,234,476)	\$ 131,050,120
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable and Accrued Expenses	\$ 438,957	\$ 21,108	\$ -	\$ -	\$ 460,065
Debt	φ 430,937	1,050,000	φ -	φ -	1,050,000
Allocations and Contributions Payable:	-	1,030,000	-	-	1,030,000
Beneficiary Organizations	4,328,022	_	_	_	4,328,022
Jewish Federations of North America	3,686,133	_		_	3,686,133
Leases at Below Market Rates	3,000,133	10,123,475	_		10,123,475
Due to Related Parties	_	1,234,476	_	(1,234,476)	10,123,473
Agency Funds Payable	21,182,808	1,234,470	_	(1,254,470)	21,182,808
Other Liabilities	480,509	181,373	_	_	661,882
Deferred Income under Pooled	400,509	101,575	_	_	001,002
Income Agreements	188,100				188,100
Obligations under Split-Interest Agreements	215,878	_	_	_	215,878
Total Liabilities	30,520,407	12,610,432		(1,234,476)	41,896,363
Total Elabilities	30,320,407	12,010,432	_	(1,234,470)	41,090,303
Net Assets:					
Unrestricted	64,316,436	2,294,367	13,572,484	-	80,183,287
Temporarily Restricted	4,520,378	105,860	_	-	4,626,238
Permanently Restricted	4,344,232	-	_	-	4,344,232
Total Net Assets	73,181,046	2,400,227	13,572,484		89,153,757
Total Liabilities and Net Assets	\$ 103,701,453	\$ 15,010,659	\$ 13,572,484	\$ (1,234,476)	\$ 131,050,120

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITIES YEAR ENDED AUGUST 31, 2015

(SEE INDEPENDENT AUDITORS' REPORT)

	Fede	eration (Including Jo	JCBC			
		Temporarily	Permanently		Temporarily	
	Unrestricted	Restricted	Restricted	Unrestricted	Restricted	
PUBLIC SUPPORT AND REVENUES Campaigns, Contributions and Other	\$ 15,100,056	8,167,986	\$ 300	\$ -	\$ -	
Revenues:						
Interest and Dividends	1,069,915	37,852	-	-	-	
Net Realized Gain on Investments	537,457	50,439	-	-	-	
Net Unrealized Loss on Investments Change in Value of Split-Interest	(3,566,308)	(329,914)	-	-	-	
Agreements	5,846	(2,988)	-	-	-	
Rental Income	-	-	-	798,651	-	
Other	260,347			37,300		
Total Revenues	(1,692,743)	(244,611)	-	835,951	-	
Net Assets Released from Restrictions	916,124	(916,124)				
Total Public Support and Revenues	14,323,437	7,007,251	300	835,951	-	
EXPENSES Program Services: Campaign Allocations: Annual Campaign Contribution for Leases at Below-Market Rates Community Services Other Grants and Contributions Total Program Services	6,436,692 - 1,030,015 4,311,293 11,778,000	- - - - -	- - - - -	421,811 325,822 747,633	- - - - -	
Supporting Services: Management and General: Administrative Expense	1,031,885	-	-	-	-	
Building Administration Interest Expense Provision for Uncollectible Pledges	87,698 4,856	- -	-	595,057 37,793	- -	
and Loans Fundraising	69,415 1,293,646	-	-	-	-	
Total Supporting Services	2,487,500		-	632,850	-	
Total Expenses	14,265,500			1,380,483		
CHANGE IN NET ASSETS (DEFICIT)	57,937	7,007,251	300	(544,532)	-	
Net Assets - Beginning of Year	64,316,436	4,520,378	4,344,232	2,294,367	105,860	
NET ASSETS - END OF YEAR	\$ 64,374,373	\$ 11,527,629	\$ 4,344,532	\$ 1,749,835	\$ 105,860	

Supporting Organizations		Consolidated Federation					
Unrestricted	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted			
\$ -	\$ (233,427)	\$ 14,866,629	\$ 8,167,986	\$ 300			
48,710 662,323 (1,048,751)	- - -	1,118,625 1,199,780 (4,615,059)	37,852 50,439 (329,914)	- - -			
- - -	- (87,698) (37,300)	5,846 710,953 260,347	(2,988) - -	- - -			
(337,718)	(124,998)	(1,319,508)	(244,611)	-			
		916,124	(916,124)				
(337,718)	(358,425)	14,463,245	7,007,251	300			
-	(37,300)	6,399,392 421,811	-	-			
-	-	1,355,837	-	-			
1,303,277	(233,427)	5,381,143 13,558,183					
, ,	(210,121)	, ,	-	-			
31,241	(87,698)	1,063,126 595,057	-	-			
-	-	42,649	-	-			
- - 31,241	(87,698)	69,415 1,293,646 3,063,893	<u>.</u> .	<u> </u>			
1,334,518	(358,425)	16,622,076					
(1,672,236)	-	(2,158,831)	7,007,251	300			
13,572,484		80,183,287	4,626,238	4,344,232			
\$ 11,900,248	\$ -	\$ 78,024,456	\$ 11,633,489	\$ 4,344,532			

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITIES YEAR ENDED AUGUST 31, 2014

(SEE INDEPENDENT AUDITORS' REPORT)

	Fed	eration (Including J	JCBC			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	
PUBLIC SUPPORT AND REVENUES Campaigns, Contributions and Other	\$ 14,130,153	\$ 674,874	\$ 797	\$ -	\$ -	
Revenues: Interest and Dividends Net Realized Gain on Investments	1,397,556 3,939,963	78,876 451,770	-	- -	- -	
Net Unrealized Gain on Investments Change in Value of Split-Interest	2,872,841	311,203	-	-	-	
Agreements Rental Income Other	235,166 - 414,110	483,109 -	-	831,190 37,793	-	
Total Revenues	8,859,636	1,324,958		868,983		
Net Assets Released from Restrictions	1,162,510	(1,162,510)				
Total Public Support and Revenues	24,152,299	837,322	797	868,983	-	
EXPENSES Program Services: Campaign Allocations: Annual Campaign Contribution for Leases at Below-Market Rates Community Services Other Grants and Contributions Total Program Services	7,371,428 - 1,354,736 3,870,211 12,596,375	- - - - -	- - - - -	421,811 338,755 760,566	- - - -	
Supporting Services: Management and General: Administrative Expense Building Administration Interest Expense Provision for Uncollectible Pledges and Loans Fundraising Total Supporting Services	1,068,919 96,950 - 183,272 1,453,986 2,803,127	- - - -	- - - -	601,495 37,693	: : :	
Total Expenses	15,399,502			1,399,754	-	
CHANGE IN NET ASSETS (DEFICIT)	8,752,797	837,322	797	(530,771)	-	
Net Assets - Beginning of Year	55,563,639	3,683,056	4,343,435	2,825,138	105,860	
NET ASSETS - END OF YEAR	\$ 64,316,436	\$ 4,520,378	\$ 4,344,232	\$ 2,294,367	\$ 105,860	

	porting nizations			Consolidated Federation					
Unre	Unrestricted		minations	L	Inrestricted		emporarily Restricted		manently Restricted
\$	104,201	\$	(294,000)	\$	13,940,354	\$	674,874	\$	797
	79,738 300,549 807,903		- - -		1,477,294 4,240,512 3,680,744		78,876 451,770 311,203		- - -
			(96,950) (37,793)		235,166 734,240 414,110		483,109		- - -
1	,188,190		(134,743)		10,782,066 1,162,510		1,324,958 (1,162,510)		-
1	,292,391		(428,743)		25,884,930		837,322		797
	-		(37,793)		7,333,635		-		-
	-		-		421,811 1,693,491		-		-
	,075,903		(294,000)		4,652,114		_		-
1	,075,903		(331,793)		14,101,051				-
	35,369		-		1,104,288		-		-
	-		(96,950)		601,495		-		-
	-		-		37,693		-		-
	-		-		183,272		-		-
	35,369		(96,950)	_	1,453,986 3,380,734			_	-
1	,111,272		(428,743)		17,481,785				
	181,119		-		8,403,145		837,322		797
13	,391,365				71,780,142		3,788,916	_	4,343,435
\$ 13	3,572,484	\$		\$	80,183,287	\$	4,626,238	\$	4,344,232