

**MINNEAPOLIS JEWISH FEDERATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
AUGUST 31, 2018 AND 2017

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Minneapolis Jewish Federation and Subsidiaries
Minnetonka, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Minneapolis Jewish Federation and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit. We conducted our audit 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Prior Period Financial Statements

The financial statements of Minneapolis Jewish Federation and Subsidiaries as of August 31, 2017, were audited by other auditors whose report dated January 11, 2018, expressed an unmodified opinion on those statements.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
January 17, 2019

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 865,062	\$ 1,094,844
Restricted Cash and Cash Equivalents	7,218,150	4,735,160
Investments	141,038,066	134,654,506
Pledges Receivable, Net:		
Annual Campaign	4,219,163	4,270,860
Other	892,740	78,940
Loans Receivable, Net	1,104,233	1,453,503
Estates Receivable	911,604	4,199,824
Split-Interest Agreements		
Beneficial Interest in Perpetual Trust	9,375,000	-
Investments Held in Charitable Trusts	3,104,966	175,273
Interest in Charitable Trusts Held by Others	4,587	4,414
Pooled Income Funds Held in Charitable Trusts by Others	77,866	76,317
Receivable from Termed Charitable Trust	316,341	352,479
Property and Equipment, Net of Accumulated Depreciation	10,389,809	10,650,644
Other Assets	<u>698,854</u>	<u>574,565</u>
TOTAL ASSETS	<u>\$ 180,216,441</u>	<u>\$ 162,321,329</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 299,080	\$ 279,597
Line of Credit	1,510,256	832,884
Allocations and Contributions Payable		
Beneficiary Organizations	2,498,549	3,653,526
Jewish Federations of North America	3,376,962	3,253,454
Leases at Below-Market Rates	10,123,475	10,123,475
Distributions Held for Others	7,218,150	4,733,209
Agency Funds Payable	25,139,087	25,913,663
Other Liabilities	618,113	646,987
Deferred Income Under Pooled Income Agreements	54,961	55,015
Obligations Under Split-Interest Agreements	<u>2,095,184</u>	<u>355,914</u>
TOTAL LIABILITIES	<u>52,933,817</u>	<u>49,847,724</u>
NET ASSETS		
Unrestricted	109,800,369	101,986,494
Temporarily Restricted	3,755,287	6,142,192
Permanently Restricted	<u>13,726,968</u>	<u>4,344,919</u>
TOTAL NET ASSETS	<u>127,282,624</u>	<u>112,473,605</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 180,216,441</u>	<u>\$ 162,321,329</u>

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES For the Years Ended August 31, 2018 and 2017

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Public Support					
Campaigns, Contributions, and Other	\$ 12,881,838	\$ 1,101,069	\$ 9,382,049	\$ 23,364,956	\$ 21,057,271
Program and Other Revenue					
Interest and Dividends	2,055,049	48,803	-	2,103,852	1,706,528
Net Realized Gain on Investments	3,358,697	183,806	-	3,542,503	2,455,778
Net Unrealized Gain on Investments	2,951,226	135,314	-	3,086,540	5,047,524
Change in Value of Split-Interest Agreements	(11,357)	-	-	(11,357)	(135,074)
Rental Income	607,092	-	-	607,092	777,612
Gain (Loss) on Sale of Property and Equipment	(4,403)	-	-	(4,403)	3,131,041
Other	772,473	-	-	772,473	497,242
Total Program and Other Revenue	9,728,777	367,923	-	10,096,700	13,480,651
Net assets released from restrictions	3,855,897	(3,855,897)	-	-	-
Total Support and Revenue	26,466,512	(2,386,905)	9,382,049	33,461,656	34,537,922
EXPENSE					
Program Services:					
Annual Campaign Allocations	5,544,527	-	-	5,544,527	6,674,342
Contribution for Leases at Below-Market Rates	421,811	-	-	421,811	421,811
Community Services	2,394,085	-	-	2,394,085	2,138,131
Other Grants and Contributions	5,903,477	-	-	5,903,477	4,225,020
Total Program Services	14,263,900	-	-	14,263,900	13,459,304
Supporting Services:					
Management and General:					
Administrative Expense	1,166,313	-	-	1,166,313	1,237,052
Building Administration	589,976	-	-	589,976	695,086
Interest Expense	1,407	-	-	1,407	37,612
Provision for Uncollectible Pledges and Loans	672,282	-	-	672,282	295,442
Fundraising	1,958,759	-	-	1,958,759	1,866,129
Total Supporting Services	4,388,737	-	-	4,388,737	4,131,321
Total Expense	18,652,637	-	-	18,652,637	17,590,625
CHANGE IN NET ASSETS	7,813,875	(2,386,905)	9,382,049	14,809,019	16,947,297
Net Assets - Beginning of Year	101,986,494	6,142,192	4,344,919	112,473,605	95,526,308
NET ASSETS - END OF YEAR	\$ 109,800,369	\$ 3,755,287	\$ 13,726,968	\$ 127,282,624	\$ 112,473,605

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES For the Year Ended August 31, 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Public Support				
Campaigns, Contributions, and Other	\$ 17,716,679	\$ 3,340,430	\$ 162	\$ 21,057,271
Program and Other Revenue				
Interest and Dividends	1,661,514	45,014	-	1,706,528
Net Realized Gain on Investments	2,309,939	145,839	-	2,455,778
Net Unrealized Gain on Investments	4,649,850	397,674	-	5,047,524
Change in Value of Split-Interest Agreements	(135,065)	(9)	-	(135,074)
Rental Income	777,612	-	-	777,612
Gain on Sale of Property and Equipment	3,131,041	-	-	3,131,041
Other	497,242	-	-	497,242
Total Program and Other Revenue	12,892,133	588,518	-	13,480,651
Net assets released from restrictions	877,225	(877,225)	-	-
Total Support and Revenue	31,486,037	3,051,723	162	34,537,922
EXPENSE				
Program Services:				
Annual Campaign Allocations	6,674,342	-	-	6,674,342
Contribution for Leases at Below-Market Rates	421,811	-	-	421,811
Community Services	2,138,131	-	-	2,138,131
Other Grants and Contributions	4,225,020	-	-	4,225,020
Total Program Services	13,459,304	-	-	13,459,304
Supporting Services:				
Management and General:				
Administrative Expense	1,237,052	-	-	1,237,052
Building Administration	695,086	-	-	695,086
Interest Expense	37,612	-	-	37,612
Provision for Uncollectible Pledges and Loans	295,442	-	-	295,442
Fundraising	1,866,129	-	-	1,866,129
Total Supporting Services	4,131,321	-	-	4,131,321
Total Expense	17,590,625	-	-	17,590,625
CHANGE IN NET ASSETS	13,895,412	3,051,723	162	16,947,297
Net Assets - Beginning of Year	88,091,082	3,090,469	4,344,757	95,526,308
NET ASSETS - END OF YEAR	\$ 101,986,494	\$ 6,142,192	\$ 4,344,919	\$ 112,473,605

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2018
(With Comparative Totals for 2017)

	2018							2017
	Program Services			Supporting Services			Total	
	Campaign Allocations	Other Contributions	Community Services	General Operations				
			Federation	Building	Fundraising			
Annual Campaign	\$ 5,544,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,544,527	\$ 6,674,342
Contribution for Leases at Below-Market Rates	-	421,811	-	-	-	-	421,811	421,811
Other Grants and Contributions from JCF	-	5,903,477	-	-	-	-	5,903,477	4,225,020
OTHER EXPENSES								
Employee Expenses	-	-	1,192,783	474,487	-	1,269,628	2,936,898	2,479,295
Professional fees	-	-	19,014	521,897	-	462,650	1,003,561	1,201,379
Supplies	-	-	20,801	30,905	-	4,222	55,928	45,504
Telephone	-	-	540	4,545	-	1,328	6,413	8,506
Postage	-	-	7,872	3,322	-	21,697	32,891	31,221
Occupancy	-	-	248,401	-	168,165	-	416,566	587,190
Equipment and Repairs	-	-	5,609	38,289	-	2,603	46,501	63,643
Publications and Advertising	-	-	39,758	3,342	-	63,522	106,622	99,197
Missions and Travel	-	-	281,551	2,475	-	1,817	285,843	49,233
Conferences, Meetings, and Membership	-	-	345,371	24,086	-	123,221	492,678	344,235
Depreciation	-	-	-	29,251	421,811	-	451,062	552,198
Other	-	-	232,385	33,714	-	8,071	274,170	474,797
Total other costs	-	-	2,394,085	1,166,313	589,976	1,958,759	6,109,133	5,936,398
Interest Expense	-	-	-	1,407	-	-	1,407	37,612
Provision for Uncollectible Pledges and Loans	-	-	-	672,282	-	-	672,282	295,442
Total expenses	\$ 5,544,527	\$ 6,325,288	\$ 2,394,085	\$ 1,840,002	\$ 589,976	\$ 1,958,759	\$ 18,652,637	\$ 17,590,625

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended August 31, 2017

	Program Services			Supporting Services			Total
	Campaign Allocations	Other Contributions	Community Services	General Operations			
				Federation	Building	Fundraising	
Annual Campaign	\$ 6,674,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,674,342
Contribution for Leases at Below-Market Rates	-	421,811	-	-	-	-	421,811
Other Grants and Contributions from JCF	-	4,225,020	-	-	-	-	4,225,020
OTHER EXPENSES							
Employee Expenses	-	-	1,173,036	429,970	-	876,289	2,479,295
Professional fees	-	-	33,573	592,231	11,547	564,028	1,201,379
Supplies	-	-	16,742	21,952	1,796	5,014	45,504
Telephone	-	-	277	5,403	146	2,680	8,506
Postage	-	-	4,597	7,673	-	18,951	31,221
Occupancy	-	-	402,147	-	185,043	-	587,190
Equipment and Repairs	-	-	28,274	21,755	-	13,614	63,643
Publications and Advertising	-	-	33,379	2,362	-	63,456	99,197
Missions and Travel	-	-	40,567	3,776	-	4,890	49,233
Conferences, Meetings, and Membership	-	-	139,419	26,556	-	178,260	344,235
Depreciation	-	-	42,757	12,887	496,554	-	552,198
Other	-	-	223,363	112,487	-	138,947	474,797
Total other costs	-	-	2,138,131	1,237,052	695,086	1,866,129	5,936,398
Interest Expense	-	-	-	5,755	31,857	-	37,612
Provision for Uncollectible Pledges and Loans	-	-	-	295,442	-	-	295,442
Total expenses	\$ 6,674,342	\$ 4,646,831	\$ 2,138,131	\$ 1,538,249	\$ 726,943	\$ 1,866,129	\$ 17,590,625

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS For the Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,809,019	\$ 16,947,297
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	451,062	552,198
Provisions for Uncollectible Pledges and Loans	672,282	295,442
Loss (Gain) on Sale of Property and Equipment	4,403	(3,227,679)
Change in Value of Split-Interest Agreements	11,357	135,074
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 and Perpetual Trusts	(9,382,049)	(162)
Net Unrealized Gain on Investments	(3,086,540)	(5,047,524)
Net Realized Gain on Investments	(3,542,503)	(2,455,778)
Unrealized Loss on Real Estate Investments	-	96,638
Change in assets and liabilities:		
Pledges Receivable	(895,831)	363,849
Estates Receivable	3,288,220	(3,123,824)
Other Assets	(124,289)	(120,764)
Accounts Payable and Accrued Expenses	19,483	(12,664)
Allocations and Contributions Payable	1,453,472	2,140,975
Other Liabilities	(28,874)	(28,230)
Net Cash Flows From Operating Activities	3,649,212	6,514,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(194,630)	(12,082)
Proceeds on Sale of Property and Equipment	-	5,095,717
Proceeds on Land Held for Sale	-	870,650
Purchase of Restricted Cash and Cash Equivalents	(2,482,990)	(4,735,160)
Increase in Loans Receivable	(250,572)	(1,050,285)
Payments on Loan Receivable	61,288	118,814
Contributions to Agency Funds	3,000,048	1,682,168
Distributions from Agency Funds	(3,774,624)	(1,893,105)
Net Change in Split-Interest and Pooled Income Agreements	(1,167,418)	(190,075)
Purchases of Investments	(13,641,211)	(20,857,224)
Proceeds on Sale of Investments	13,886,694	12,420,355
Net Cash Flows Used For Investing Activities	(4,563,415)	(8,550,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	-	(1,050,000)
Proceeds from Draws on Line of Credit	6,387,129	7,728,377
Repayment on Line of Credit	(5,709,757)	(7,252,238)
Contributions Received Restricted to Investment in Endowment Funds	7,049	162
Net Cash Flows From/(Used For) Financing Activities	684,421	(573,699)
Net Change in Cash and Cash Equivalents	(229,782)	(2,609,078)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,094,844	3,703,922
CASH AND CASH EQUIVALENTS - End of Year	\$ 865,062	\$ 1,094,844
Supplemental disclosures of cash flow information		
Interest Paid During the Year	\$ 1,407	\$ 37,612

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Minneapolis Jewish Federation (the Organization) is a nonprofit organization that 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 (JCBC), JCF Condo Holdings, LLC (JCFCH) and four supporting organizations. The JCF was created by action of the board of directors and is administered by a steering committee 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 are subject to approval by the JCF Steering Committee and, when necessary, the Organization's board of directors. JCBC is a wholly owned subsidiary of the Organization, organized for the purpose of holding real estate assets for the Organization. JCFCH, whose sole member is the Organization, was organized to hold and sell real estate. The consolidated financial statements include elimination entries between the Organization, JCBC and JCFCH. The four supporting organizations 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 organizations.

Basis of Presentation

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

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

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

Permanently restricted net assets – consist of contributions that are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income for program activities.

Public support and revenues are reported as increases in unrestricted net assets unless the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses or investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed and/or board appropriation) are reported as reclassifications between the applicable classes of net assets.

Principles of Consolidation

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

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

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.

Restricted Cash and Cash Equivalents

Distributions received from the Melvin S. Cohen Trust F/B/O Minneapolis Federation for Jewish Service (Trust) are restricted and contingent upon the outcome of litigation (See Footnote 18). Such distributions have been invested in short-term U.S. Treasury bills and notes and certificates of deposit.

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 by the Organization in alternative structures, which consist of limited liability corporations, limited partnerships, funds of funds and hedge funds, are estimated by the respective investment managers as market values are not readily determinable. In accordance with the accounting standards, 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 or are reported at cost for nonpublicly traded equity investments for which a fair value could not be reasonably determined. The Organization has approximately \$2.0 million in 2018 and 2017, in nonpublicly traded equity investments within the supporting organizations that are reported at cost. The Organization also has approximately \$2.0 million in 2018 and 2017 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 are recorded at fair value at such time the related condition is met, and indications of intentions to give are not recorded until such time that 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 statements of activities as net assets released from restrictions. Donor-restricted gifts 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.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

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 noninterest 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.

Estates Receivable

The estates receivable consist of two bequests recorded at the estimated value of the Organization's portion of the estate. Each bequest is at various stages in the determination or payout of the estate funds to the Organization and is recorded at the present value of any long-term portion of the expected payout.

Split Interest Agreements

Beneficial Interest in Perpetual Trust - The Organization is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the Organization. The Organization has an irrevocable right to an 18.75% interest in the net income of the trust. The Organization's interest in the trust is recorded at fair value and is classified as permanently restricted net assets. Distributions received from the trust are not restricted and are recorded in unrestricted net assets. The change in market value is recorded as permanently restricted in the statement of activities.

Investments Held in Charitable Trusts and Obligations Under Split-Interest Agreements - The Organization has issued charitable gift annuity agreements. Under these agreements, a donor contributes assets to the Organization in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is recorded as obligations under split interest agreements on the consolidated statement of financial position and is revalued annually using a discount rate established at the inception of each agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as change in value of split-interest agreements in the consolidated statement of activities.

Interest in Charitable Trusts Held by Others - Assets are 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. The annuity liability is recorded as obligations under split interest agreements on the consolidated statement of financial position and is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and trust recipient payments are reported as change in value of split-interest agreements in the consolidated statement of activities.

Pooled Income Funds Held in Charitable Trust by Others - The Organization has pooled income funds in a charitable trust, which are held by and administered through an arrangement with the Jewish Federations of North America. These arrangements provide for investment of a donor's life income gifts in a fund combined with the gifts of other donors 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, 2018 and 2017. 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.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 retained by the Organization 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.

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.

Allocations and Contributions Payable

The Organization has 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. 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.

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 \$31,797 and \$26,465 for the years ended August 31, 2018 and 2017, respectively.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

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. 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

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 nonactive 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 certificates of deposit.

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. Investments valued using Level 3 inputs include pooled income funds and interest in charitable trusts and perpetual trusts held by others.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 UPMIFA and enhanced 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 JCBC is exempt under Section 501(c)(25) of the IRC. The supporting organizations included in these consolidated financial statements are also exempt from income taxes under Section 501(c)(3) of the IRC. JCFCH 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. No liability has been recognized by the Organization for uncertain tax positions as of August 31, 2018 and 2017, respectively. The Organization's tax returns are subject to review and examination by federal, state, and local authorities.

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 statements of activities because the criteria for recognition have not been satisfied.

Recently Issued Pronouncements

In February 2016, FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is assessing the impact this standard will have on its financial statements.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Pronouncements (continued)

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contributions is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The Organization is assessing the impact this standard will have on its financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 17, 2019, the date the consolidated financial statements were available to be issued.

Subsequent to August 31, 2018, the Organization's Board of Directors elected to change the Organization's fiscal year end to December 31.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - INVESTMENTS

A summary of investments by type at August 31 is as follows:

	2018	2017
Cash and cash equivalents	\$ 10,331,976	\$ 3,178,927
Corporate stocks and equity mutual funds	72,769,772	64,602,103
Corporate bonds and bond mutual funds	15,164,466	23,295,351
Israel bonds	720,758	678,808
Interest in real estate partnership	2,000,000	2,000,000
Pooled income funds held by others, underlying investments in		
Cash and cash equivalents	1,550	1,175
Corporate stocks and equity mutual funds	27,330	26,957
Corporate bonds and bond mutual funds	48,986	48,185
Alternative investments, underlying investments in		
Private equity and hedge funds	23,789,370	19,249,088
Corporate bonds	4,784,531	8,146,771
Real estate	1,383,917	1,241,647
Investment held by supporting organizations		
Cash and cash equivalents	839,048	845,272
Corporate stocks and equity mutual funds	8,492,010	7,647,023
Corporate bonds and bond mutual funds	283	4,169
Alternative investments, underlying investments in		
Private equity and hedge funds	3,034,866	3,267,688
Other	832,035	672,932
Total	\$ 144,220,898	\$ 134,906,096

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

	2018	2017
Investments	\$ 141,038,066	\$ 134,654,506
Investments held in charitable trusts	3,104,966	175,273
Pooled income funds held in charitable trust	77,866	76,317
	\$ 144,220,898	\$ 134,906,096

Investment income for the years ended August 31 consisted of the following:

	2018	2017
Interest and dividends	\$ 2,287,016	\$ 1,874,222
Realized gain on investments	3,542,504	2,455,778
Net unrealized gain on investments	3,086,540	5,047,524
Investment expenses	(183,164)	(167,694)
	\$ 8,732,896	\$ 9,209,830

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended August 31, 2018 and 2017

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, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	\$ 72,769,772	\$ -	\$ -	\$ 72,769,772
Corporate bonds and bond mutual funds	15,164,466	-	-	15,164,466
U.S. Treasury bills and notes	7,218,150	-	-	7,218,150
Israel bonds	720,758	-	-	720,758
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	1,550	1,550
Corporate stocks and equity mutual funds	-	-	27,330	27,330
Corporate bonds and bond mutual funds	-	-	48,986	48,986
Investment held by supporting organizations				
Corporate stocks and equity mutual funds	8,492,010	-	-	8,492,010
Corporate bonds and bond mutual funds	283	-	-	283
Beneficial interest in perpetual trust	-	-	9,375,000	9,375,000
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	320,928	320,928
Total	\$ 104,365,439	\$ -	\$ 9,773,794	114,139,233
Alternative investments held at NAV				30,970,497
Total				\$ 145,109,730

	2017			
	Level 1	Level 2	Level 3	Total
Corporate stocks and equity mutual funds	\$ 64,602,103	\$ -	\$ -	\$ 64,602,103
Corporate bonds and bond mutual funds	23,295,351	-	-	23,295,351
Certificates of deposit	-	4,735,160	-	4,735,160
Israel bonds	678,808	-	-	678,808
Pooled income funds, underlying investments in:				
Cash and cash equivalents	-	-	1,175	1,175
Corporate stocks and equity mutual funds	-	-	26,957	26,957
Corporate bonds and bond mutual funds	-	-	48,185	48,185
Investment held by supporting organizations				
Corporate stocks and equity mutual funds	7,647,023	-	-	7,647,023
Corporate bonds and bond mutual funds	4,169	-	-	4,169
Interest in charitable trusts held by others and receivable from termed charitable trust	-	-	356,893	356,893
Total	\$ 96,227,454	\$ 4,735,160	\$ 433,210	101,395,824
Alternative investments held at NAV				29,857,005
Total				\$ 131,252,829

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

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, 2018:

	Beneficial Interest in Perpetual Trust	Pooled Income Funds	Interest in Charitable Trusts Held by Others	Total
Balance – September 1, 2017	\$ -	\$ 76,317	\$ 356,893	\$ 433,210
Net realized and unrealized gains (losses)	-	1,549	-	1,549
Changes in value of split-interest agreements	-	-	(35,965)	(35,965)
Contributions received	9,375,000	-	-	9,375,000
Balance – August 31, 2018	\$ 9,375,000	\$ 77,866	\$ 320,928	\$ 9,773,794

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, 2017:

	Pooled Income Funds	Interest in Charitable Trusts Held by Others	Total
Balance – September 1, 2016	\$ 157,065	\$ 4,423	161,488
Net realized and unrealized gains (losses)	4,669	-	4,669
Changes in value of split-interest agreements	-	(9)	(9)
Purchases of investments	-	352,479	352,479
Sale of investments	(85,417)	-	(85,417)
Balance – August 31, 2017	\$ 76,317	\$ 356,893	\$ 433,210

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair value measurements of investments in certain entities that calculate net asset value (NAV) per share (or its equivalent) as of August 31, 2018:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Alternative investments, Underlying investments in				
Private equity and hedge funds	\$ 5,855,960	\$ -	Semi-Annual	95 days
Private equity and hedge funds	2,664,992	1,743,000	Not Available*	Not Applicable
Private equity and hedge funds	3,686,179	-	Monthly	30 days
Private equity and hedge funds	3,102,067	-	Quarterly	30 days
Private equity and hedge funds	8,480,172	-	Monthly	5 days
Private equity and hedge funds	1,383,917	287,004	Not Available**	Not Applicable
Corporate bonds	4,784,531	-	Annual	30 days
Investment held by supporting organizations				
Alternative investments	323,895	-	Not Available*	Not Applicable*
Alternative investments	688,784	-	Quarterly	45 days

* Redemption upon the request of the shareholders is not available

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

Fair value measurements of investments in certain entities that calculate net asset value (NAV) per share (or its equivalent) as of August 31, 2017:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Alternative investments, Underlying investments in				
Private equity and hedge funds	\$ 4,433,554	\$ -	Semi-Annual	95 days
Private equity and hedge funds	2,033,407	2,453,458	Not Available*	Not Applicable
Private equity and hedge funds	9,751,085	-	Monthly	5 - 30 days
Private equity and hedge funds	3,031,042	-	Quarterly	30 days
Private equity and hedge funds	1,241,647	392,004	Not Available**	Not Applicable
Corporate bonds	3,705,848	-	Not Available**	Not Applicable
Corporate bonds	4,440,923	-	Annual	30 days
Investment held by supporting organizations				
Alternative investments	370,735	-	Not Available*	Not Available*
Alternative investments	848,764	-	Quarterly	45 days

* Redemption upon the request of the shareholders is not available

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

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Alternative investments with underlying investments in private equity and hedge funds include investments in private equity companies. The private equity fund seek to earn a high return in exchange for limited liability and greater risk than public equities. The fund provides working capital to unlisted companies that need additional funds to grow and prosper, and can include both debt and equity positions. The hedge fund seeks returns by accessing investment opportunities that are unavailable to traditional investments. Compared to traditional investments, the hedge fund can use greater leverage, hold more concentrated positions, employ shorts and derivatives, as well as invest in private securities, real assets, and structured products. The fair value of the investment in this category is estimated using the NAV 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 Organization values positions using the NAV.

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, 2018 were received in conjunction with the Annual and Capital Campaigns as well as other fundraising activities:

	Annual Campaign and Other	Capital Campaign
Fiscal year 2019 Annual Campaign and beyond	\$ 86,710	\$
Fiscal year 2018 Annual Campaign	4,977,240	
Prior year Annual Campaigns	1,669,576	
Other	978,377	
Capital campaign		57,261
Total	<u>7,711,903</u>	<u>57,261</u>
Estimated commitment from JCF (eliminated in consolidation)	(1,200,000)	
Allowance for uncollectible pledges	<u>(1,400,000)</u>	<u>(57,261)</u>
Pledges receivable, net	<u>\$ 5,111,903</u>	<u>\$ -</u>

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 4 – PLEDGES RECEIVABLE, NET (Continued)

Annual Campaign, Capital Campaign, and other pledges receivable as of August 31, 2018 are anticipated to be collected as follows:

	Annual Campaign and Other	Capital Campaign
Amounts due in		
Less than one year	\$ 5,796,143	\$ 57,261
One year to five years	715,760	-
Total	6,511,903	57,261
Allowance for uncollectible pledges	(1,400,000)	(57,261)
Pledges receivable, net	\$ 5,111,903	\$ -

Pledges receivable at August 31, 2017 were received in conjunction with the Annual and Capital Campaigns as well as other fundraising activities:

	Annual Campaign and Other	Capital Campaign
Fiscal year 2018 Annual Campaign and beyond	\$ 150,318	\$ -
Fiscal year 2017 Annual Campaign	4,629,642	-
Prior year Annual Campaigns	2,035,152	-
Other	134,688	-
Capital campaign	-	186,990
Total	6,949,800	186,990
Estimated commitment from JCF (eliminated in consolidation)	(1,200,000)	-
Allowance for uncollectible pledges	(1,400,000)	(186,900)
Pledges receivable, net	\$ 4,349,800	\$ -

Annual Campaign, Capital Campaign, and other pledges receivable as of August 31, 2017 are anticipated to be collected as follows:

	Annual Campaign and Other	Capital Campaign
Amounts due in		
Less than one year	\$ 5,732,040	\$ 186,990
One year to five years	17,760	-
Total	5,749,800	186,990
Allowance for uncollectible pledges	(1,400,000)	(186,990)
Pledges receivable, net	\$ 4,349,800	\$ -

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.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 5 – LOANS RECEIVABLE

Loans receivable consist of the following at August 31:

	2018	2017
Sabes Jewish Community Center	\$ 2,940,271	\$ 2,959,149
Torah Academy	336,517	354,751
Jewish Family and Children's Service	-	10,878
Hillel	67,519	73,350
Sholom Community Alliance	21,215	21,215
Barry Family Campus	155,000	10,000
Heilicher Minneapolis Jewish Day School	800,000	800,000
J-HAP	100,571	-
Bais Yaakov		3,179
Shaarim		4,017
Other	9,867	5,137
Total gross loans receivable	4,430,960	4,241,676
Less: Allowance for uncollectible amounts	(3,326,727)	(2,788,173)
Net loans receivable	\$ 1,104,233	\$ 1,453,503

As of August 31, 2018 and 2017, approximately 74% and 64% of the gross loans receivable are considered past due loans.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2018	2017
Building and improvements	\$ 16,987,715	\$ 17,319,358
Furniture and equipment	278,649	368,533
Subtotal	17,266,364	17,687,891
Accumulated depreciation	(6,876,555)	(7,037,247)
Total	\$ 10,389,809	\$ 10,650,644

On May 31, 2017, JCBC sold the Ridgeview Office Center building. Proceeds from the sale, net of closing costs were \$5,095,717 and resulted in a \$3,227,679 gain on property and equipment.

NOTE 7 – LINES OF CREDIT

At August 31, 2018, the Organization has a \$3,000,000 line of credit available with an interest rate at 1.75% above the 30-day LIBOR (London Interbank Offered Rate) and a maturity date of March 29, 2019. The rate was 3.86% at August 31, 2018. The line of credit is secured by certain assets of the Organization. The line of credit balance was \$1,510,256 and \$832,884 at August 31, 2018 and 2017, respectively. The line of credit contains various restrictive covenants including the incurrence of other debt, default on other obligations and achievement of financial ratios.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 8 – 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 \$2,095,184 and \$355,914 at August 31, 2018 and 2017, respectively.

During the year ended August 31, 2018, the Organization received two new charitable gift annuities with a combined fair value of \$1,262,259. Split-interest agreements include losses in the change in value of split-interest agreements of \$11,357 and \$135,074 during the years ended August 31, 2018 and 2017, respectively.

NOTE 9 – RETIREMENT PLANS

The Organization maintains a defined contribution plan for essentially all employees of the Organization. The Organization made contributions of \$42,048 and \$23,153 during the years ended August 31, 2018 and 2017, respectively.

The Organization established a 457(b) deferred compensation plan for two of its former employees. Under the plan, deferred compensation contributions and investment earnings less fees and expenses are held for the participants until paid according to the provisions of the plan. The Organization made no contributions during the years ended August 31, 2018 and 2017. The investment balance related to the plan as of August 31, 2018 and 2017 was \$11,951 and \$23,903, respectively.

The Organization also has a deferred compensation agreement with one of its former employees. At August 31, 2018 and 2017, approximately \$300,000 was vested under the agreement. Vested amounts will be paid in 10 annual equal installments beginning 60 days prior to the employee's 65th birthday. The liability recorded related to this agreement was \$175,000 and \$165,000 at August 31, 2018 and 2017, respectively.

NOTE 10 – ALLOCATIONS PAYABLE

The Organization has commitments to fund beneficiary organizations and the Jewish Federations of North America in the amount of \$5,875,511 and \$6,906,980 as of August 31, 2018 and 2017, 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:

	<u>2018</u>	<u>2017</u>
Beneficiary organizations	\$ 2,498,549	\$ 3,653,526
Jewish Federations of North America	<u>3,376,962</u>	<u>3,253,454</u>
Total	<u>\$ 5,875,511</u>	<u>\$ 6,906,980</u>

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 11 – UNRESTRICTED NET ASSETS

Unrestricted net assets are available for the following purposes as designated by the Organization's board of directors at August 31:

	<u>2018</u>	<u>2017</u>
Jewish Community Foundation, donor advised and designated funds	\$ 79,597,906	\$ 73,244,238
Jewish Community Foundation, unrestricted Organization funds	17,008,289	15,544,506
Supporting Organization funds	12,851,585	12,267,019
Unrestricted, undesignated	<u>342,589</u>	<u>930,731</u>
Total unrestricted net assets	<u>\$ 109,800,369</u>	<u>\$ 101,986,494</u>

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Capital campaign	\$ 121,767	\$ 2,503
Jewish Community Foundation, donor-designated amounts	2,787,760	5,953,093
Following year campaign	86,710	152,597
Designated gifts	<u>759,050</u>	<u>33,999</u>
Total temporarily restricted net assets	<u>\$ 3,755,287</u>	<u>\$ 6,142,192</u>

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 are released from donor restrictions when a purpose restriction is fulfilled or through the passage of time.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

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 are as follows:

	<u>2018</u>	<u>2017</u>
Beneficial interest in perpetual trust	\$ 9,375,000	\$ -
Designated for specific purpose by donors	52,967	52,289
General purposes of the organization	<u>4,299,001</u>	<u>4,292,630</u>
Total Permanently Restricted Net Assets	<u>\$ 13,726,968</u>	<u>\$ 4,344,919</u>

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 15 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

Approximately 17% and 8% of the Organization's pledges receivable balance is from one donor as of August 31, 2018 and 2017, respectively. Estates receivable as of August 31, 2018 and 2017 was from two organizations.

For the year ended August 31, 2018, approximately 42% of contribution revenue was from one estate gift. For the year ended August 31, 2017, approximately 38% of contribution revenue was from one estate gift.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 16 – BARRY FAMILY CAMPUS

Ground Lease and Improvements

JCBC entered into a lease, commencing August 30, 2002, with the Jewish Community Center of Greater Minneapolis (dba Sabes Jewish Community Center) to lease the land for a period of 99 years at \$1 per year. The land and the building improvements on the land make-up the Barry Family Campus (the Campus). 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. In 2007, JCBC transferred management and all associated costs of the Campus and assigned the rents to be received from the subtenants to Barry Family Campus Corporation.

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

On September 1, 2018, Barry Family Campus Corporation, pursuant to a Plan of Complete Liquidation and Dissolution, ceased operations, and the Organization took back the management and administrative services relating to the operations of the Campus and activities incident thereto. The Organization was transferred assets and assumed liabilities of Barry Family Campus Corporation of approximately \$398,000 and \$298,000, respectively.

On December 12, 2018, JCBC entered into an agreement to purchase the land and building improvements on the Campus owned by Sabes Jewish Community Center. Consideration for the purchase of the property included (a) forgiveness all of the indebtedness owed by Sabes Jewish Community Center to the Organization as of the closing date, excluding indebtedness owed for rent, of approximately \$2,900,000, (b) assumption/pay-off of a line of credit between Sabes Jewish Community Center and BMO Harris Bank as of the closing date not to exceed \$950,000, (c) termination of the ground lease agreement described above and the sublease agreement described below, and (d) consummation of a new lease agreement with Sabes JCC effective September 1, 2018.

Sublease

JCBC also entered into three subleases, commencing September 1, 2002, with the three primary tenants of the Campus (one of which included the Sabes Jewish Community Center). 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. The subleases require rental payment of \$1 per year plus additional rent consisting of the subtenant's pro-rate share of maintenance and utility costs of the Campus. Under the assignment agreement between JCBC and Barry Family Campus Corporation, the tenants reimburse the Barry Family Campus Corporation for their pro-rata share of the maintenance and utility costs of the Campus.

The rental payments under the subleases of \$1 have been determined by the Organization to be below fair value. Consequently, JCBC has recorded a contribution 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.

On December 12, 2018, JCBC entered into a lease agreement with Sabes Jewish Community Center effective September 1, 2018. The lease is for a period of three years with two options by Sabes Jewish Community Center to extend the term for six-months each. The lease requires rental payment of \$1 per year plus additional rent of Sabes Jewish Community Center's pro-rata share of maintenance and utility costs of the Campus.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 17 – ENDOWMENT

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, which is incorporated into the Organization's agreements with donors, 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 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 for financial reporting purposes.

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 Organization.

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. 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. There were no endowment funds that had fallen below such recorded values as of August 31, 2018 and 2017.

Return Objectives and Risk Parameters

The Organization offers donors a choice of two investment pools: the Short-Term Income Pool, and the Long-Term Growth and Income Pool. The Short-Term Income 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 Long-Term Growth and Investment Pool seeks to provide for real growth by achieving a total return, net of investment management fees, equal to or greater than spending, administrative expenses, and inflation. 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 that 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.

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 17 – ENDOWMENT (Continued)

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.

The following is a summary of endowment funds subject to UPMIFA for the year ended August 31, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets – September 1, 2017	\$ -	\$ 1,739,458	\$ 4,344,919	\$ 6,084,377
Investment income	-	48,804	-	48,804
Net realized and unrealized gain on investments	-	319,120	-	319,120
Contributions	-	-	7,049	7,049
Appropriations of endowment assets for expenditures	-	(236,811)	-	(236,811)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Endowment net assets – August 31, 2018	<u>\$ -</u>	<u>\$ 1,870,571</u>	<u>\$ 4,351,968</u>	<u>\$ 6,222,539</u>

The following is a summary of endowment funds subject to UPMIFA for the year ended August 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets – September 1, 2016	\$ -	\$ 1,311,406	\$ 4,344,757	\$ 5,656,163
Investment income	-	45,014	-	45,014
Net realized and unrealized gain on investments	-	543,513	-	543,513
Contributions	-	-	162	162
Appropriations of endowment assets for expenditures	-	(160,475)	-	(160,475)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Endowment net assets – August 31, 2017	<u>\$ -</u>	<u>\$ 1,739,458</u>	<u>\$ 4,344,919</u>	<u>\$ 6,084,377</u>

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 18 – CONTINGENCY

On April 19, 2016, the Melvin S. Cohen Trust F/B/O Minneapolis Federation for Jewish Service (the Trust) and the Cohen-family appointed trustees (the Trustees) brought a lawsuit against the Organization. The lawsuit sought declaratory relief to modify the Cohen Trust to remove the Organization as the beneficiary and supported organization of the Trust, and to transfer 2015 distributions held by the Organization, and future distributions from the Trust, to third parties Donor Trust, Inc. and the National Community Foundation. The Organization denied the allegations of the complaint, removed the lawsuit to federal court, and asserted several counterclaims against the Trust and the Trustees, including claims for breach of fiduciary duty. On December 14, 2017, the court entered a summary judgment order in the Organization's favor against the Trustees and on September 28, 2018, the court issued an Opinion & Order ruling in favor of the Organization on all trial issues, which included reimbursement by the Trustees of the Organization's litigation expenses including attorney's fees. The court rejected the Trustees' claim that the Organization breached a fiduciary duty to the Trustees. The Trustees have appealed from the trial court's order, and the trial court has stayed its rulings pending resolution of the appeal. The Trustees have posted a bond in the amount of \$1,703,736 to cover attorney's fees and other judgments entered against them in the litigation. An appeal decision is anticipated mid to late 2019. The distributions held by the Organization as of August 31, 2018 are \$7,218,150. In view of the pending litigation, the Organization considers this distribution to be contingent upon the outcome of the litigation and, as such, has not recorded distributions as revenues. The amounts distributed are carried on the consolidated statements of financial position as Distributions Held for Others. In addition, the Organization has not recorded the estimated litigation costs to be reimbursed above in accordance with the accounting standards for the recognition of gain contingencies.

NOTE 19 – OPERATING LEASES

The Organization leases office space and various equipment under non-cancelable operating leases that have minimum lease obligations. The office space lease contains provisions for rent increases based primarily on increases in real estate taxes and operating costs incurred by the lessor. Rent expense is charged to operations as incurred except for escalating base rents, which are charged to operations on a straight-line basis over the term of the lease. Total lease expense amounted to \$153,424 and \$91,110 for the years ended August 31, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

Year Ending August 31	Amount
2019	\$ 112,242
2020	115,609
2021	119,078
2022	122,650
2023	126,330
Thereafter	<u>53,284</u>
Total	<u>\$ 649,193</u>

SUPPLEMENTARY INFORMATION

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION
As of August 31, 2018

	Federation (Including JCF and JCFCH)	JCBC	Supporting Organizations	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	\$ 865,062	\$ -	\$ -	\$ -	\$ 865,062
Restricted Cash and Cash Equivalents	7,218,150	-	-	-	7,218,150
Investments	128,186,481	-	12,851,585	-	141,038,066
Due from Related Parties	-	3,298,992	-	(3,298,992)	-
Pledges Receivable, Net:					
Annual Campaign	4,219,163	-	-	-	4,219,163
Other	892,740	-	-	-	892,740
Loans Receivable, Net	1,104,233	-	-	-	1,104,233
Estates Receivable	911,604	-	-	-	911,604
Split-Interest Agreements					
Beneficial Interest in Perpetual Trust	9,375,000	-	-	-	9,375,000
Investments Held in Charitable Trusts	3,104,966	-	-	-	3,104,966
Interest in Charitable Trusts Held by Others	4,587	-	-	-	4,587
Pooled Income Funds Held in Charitable Trusts by Others	77,866	-	-	-	77,866
Receivable from Termed Charitable Trust	316,341	-	-	-	316,341
Property and Equipment, Net of Accumulated Depreciation	192,494	10,197,315	-	-	10,389,809
Other Assets	696,854	2,000	-	-	698,854
TOTAL ASSETS	\$ 157,165,541	\$ 13,498,307	\$ 12,851,585	\$ (3,298,992)	\$ 180,216,441
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 287,001	\$ 12,079	\$ -	\$ -	\$ 299,080
Line of Credit	1,510,256	-	-	-	1,510,256
Allocations and Contributions Payable					
Beneficiary Organizations	2,498,549	-	-	-	2,498,549
Jewish Federations of North America	3,376,962	-	-	-	3,376,962
Leases at Below-Market Rates	-	10,123,475	-	-	10,123,475
Distributions Held for Others	7,218,150	-	-	-	7,218,150
Due to Related Parties	3,298,992	-	-	(3,298,992)	-
Agency Funds Payable	25,139,087	-	-	-	25,139,087
Other Liabilities	618,113	-	-	-	618,113
Deferred Income Under Pooled Income Agreements	54,961	-	-	-	54,961
Obligations Under Split-Interest Agreements	2,095,184	-	-	-	2,095,184
TOTAL LIABILITIES	46,097,255	10,135,554	-	(3,298,992)	52,933,817
NET ASSETS					
Unrestricted	93,586,031	3,362,753	12,851,585	-	109,800,369
Temporarily Restricted	3,755,287	-	-	-	3,755,287
Permanently Restricted	13,726,968	-	-	-	13,726,968
TOTAL NET ASSETS	111,068,286	3,362,753	12,851,585	-	127,282,624
TOTAL LIABILITIES AND NET ASSETS	\$ 157,165,541	\$ 13,498,307	\$ 12,851,585	\$ (3,298,992)	\$ 180,216,441

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE FOR THE STATEMENT OF FINANCIAL POSITION
As of August 31, 2017

	Federation (Including JCF and JCFCH)	JCBC	Supporting Organizations	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	\$ 509,674	\$ 585,170	\$ -	\$ -	\$ 1,094,844
Restricted Cash and Cash Equivalents	4,735,160	-	-	-	4,735,160
Investments	122,387,487	-	12,267,019	-	134,654,506
Due from Related Parties	-	2,739,976	-	(2,739,976)	-
Pledges Receivable, Net:					
Annual Campaign	4,270,860	-	-	-	4,270,860
Other	78,940	-	-	-	78,940
Loans Receivable, Net	1,404,337	49,166	-	-	1,453,503
Estates Receivable	4,199,824	-	-	-	4,199,824
Split-Interest Agreements					
Investments Held in Charitable Trusts	175,273	-	-	-	175,273
Interest in Charitable Trusts Held by Others	4,414	-	-	-	4,414
Pooled Income Funds	76,317	-	-	-	76,317
Receivable from Termed Charitable Trust	352,479	-	-	-	352,479
Property and Equipment, Net of Accumulated Depreciation	31,518	10,619,126	-	-	10,650,644
Other Assets	572,565	2,000	-	-	574,565
TOTAL ASSETS	\$ 138,798,848	\$ 13,995,438	\$ 12,267,019	\$ (2,739,976)	\$ 162,321,329
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 267,538	\$ 12,059	\$ -	\$ -	\$ 279,597
Line of Credit	832,884	-	-	-	832,884
Allocations and Contributions Payable					
Beneficiary Organizations	3,653,526	-	-	-	3,653,526
Jewish Federations of North America	3,253,454	-	-	-	3,253,454
Leases at Below-Market Rates	-	10,123,475	-	-	10,123,475
Distributions Held for Others	4,733,209	-	-	-	4,733,209
Due to Related Parties	2,739,976	-	-	(2,739,976)	-
Agency Funds Payable	25,913,663	-	-	-	25,913,663
Other Liabilities	646,987	-	-	-	646,987
Deferred Income Under Pooled Income Agreements	55,015	-	-	-	55,015
Obligations Under Split-Interest Agreements	355,914	-	-	-	355,914
TOTAL LIABILITIES	42,452,166	10,135,534	-	(2,739,976)	49,847,724
NET ASSETS					
Unrestricted	85,859,571	3,859,904	12,267,019	-	101,986,494
Temporarily Restricted	6,142,192	-	-	-	6,142,192
Permanently Restricted	4,344,919	-	-	-	4,344,919
TOTAL NET ASSETS	96,346,682	3,859,904	12,267,019	-	112,473,605
TOTAL LIABILITIES AND NET ASSETS	\$ 138,798,848	\$ 13,995,438	\$ 12,267,019	\$ (2,739,976)	\$ 162,321,329

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2018

	Federation (including JCF and JCFCH)			JCBC		Supporting Organizations	Eliminations	Consolidated Federation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted		Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE											
Public Support											
Campaigns, Contributions, and Other	\$ 13,062,008	\$ 1,101,069	\$ 9,382,049	\$ -	\$ -	\$ 830	\$ (181,000)	\$ 12,881,838	\$ 1,101,069	\$ 9,382,049	\$ 23,364,956
Program and Other Revenue											
Interest and Dividends	1,652,123	48,803	-	-	-	402,926	-	2,055,049	48,803	-	2,103,852
Net Realized Gain on Investments	2,527,577	183,806	-	-	-	831,120	-	3,358,697	183,806	-	3,542,503
Net Unrealized Gain on Investments	2,758,131	135,314	-	-	-	193,095	-	2,951,226	135,314	-	3,086,540
Change in Value of Split-Interest Agreements	(11,357)	-	-	-	-	-	-	(11,357)	-	-	(11,357)
Rental Income	-	-	-	607,092	-	-	-	607,092	-	-	607,092
Loss on Sale of Property and Equipment	(4,403)	-	-	-	-	-	-	(4,403)	-	-	(4,403)
Other	772,473	-	-	-	-	-	-	772,473	-	-	772,473
Total Program and Other Revenue	7,694,544	367,923	-	607,092	-	1,427,141	-	9,728,777	367,923	-	10,096,700
Net assets released from restrictions	3,855,897	(3,855,897)	-	-	-	-	-	3,855,897	(3,855,897)	-	-
Total Support and Revenue	24,612,449	(2,386,905)	9,382,049	607,092	-	1,427,971	(181,000)	26,466,512	(2,386,905)	9,382,049	33,461,656
EXPENSE											
Program Services:											
Annual Campaign Allocations	5,544,527	-	-	-	-	-	-	5,544,527	-	-	5,544,527
Contribution for Leases at Below-Market Rates	-	-	-	421,811	-	-	-	421,811	-	-	421,811
Community Services	2,205,510	-	-	188,575	-	-	-	2,394,085	-	-	2,394,085
Other Grants and Contributions	5,278,635	-	-	-	-	805,842	(181,000)	5,903,477	-	-	5,903,477
Total Program Services	13,028,672	-	-	610,386	-	805,842	(181,000)	14,263,900	-	-	14,263,900
Supporting Services:											
Management and General:											
Administrative Expense	1,105,870	-	-	22,880	-	37,563	-	1,166,313	-	-	1,166,313
Building Administration	168,165	-	-	421,811	-	-	-	589,976	-	-	589,976
Interest Expense	1,407	-	-	-	-	-	-	1,407	-	-	1,407
Provision for Uncollectible Pledges and Loans	623,116	-	-	49,166	-	-	-	672,282	-	-	672,282
Fundraising	1,958,759	-	-	-	-	-	-	1,958,759	-	-	1,958,759
Total Supporting Services	3,857,317	-	-	493,857	-	37,563	-	4,388,737	-	-	4,388,737
Total Expense	16,885,989	-	-	1,104,243	-	843,405	(181,000)	18,652,637	-	-	18,652,637
CHANGE IN NET ASSETS	7,726,460	(2,386,905)	9,382,049	(497,151)	-	584,566	-	7,813,875	(2,386,905)	9,382,049	14,809,019
Net Assets - Beginning of Year	85,859,571	6,142,192	4,344,919	3,859,904	-	12,267,019	-	101,986,494	6,142,192	4,344,919	112,473,605
NET ASSETS - END OF YEAR	\$ 93,586,031	\$ 3,755,287	\$ 13,726,968	\$ 3,362,753	\$ -	\$ 12,851,585	\$ -	\$ 109,800,369	\$ 3,755,287	\$ 13,726,968	\$ 127,282,624

MINNEAPOLIS JEWISH FEDERATION AND SUBSIDIARIES

CONSOLIDATING SCHEDULE FOR THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2017

	Federation (including JCF and JCFCH)			JCBC		Supporting Organizations	Eliminations	Consolidated Federation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted		Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE											
Public Support											
Campaigns, Contributions, and Other	\$ 17,933,975	\$ 3,340,430	\$ 162	\$ -	\$ -	\$ 2,504	\$ (219,800)	\$ 17,716,679	\$ 3,340,430	\$ 162	\$ 21,057,271
Program and Other Revenue											
Interest and Dividends	1,445,736	45,014	-	-	-	215,778	-	1,661,514	45,014	-	1,706,528
Net Realized Gain on Investments	1,858,604	145,839	-	-	-	451,335	-	2,309,939	145,839	-	2,455,778
Net Unrealized Gain on Investments	4,912,213	397,674	-	-	-	(262,363)	-	4,649,850	397,674	-	5,047,524
Change in Value of Split-Interest Agreements	(135,065)	(9)	-	-	-	-	-	(135,065)	(9)	-	(135,074)
Rental Income	-	-	-	858,915	-	-	(81,303)	777,612	-	-	777,612
Gain on Sale of Property and Equipment	(96,638)	-	-	3,227,679	-	-	-	3,131,041	-	-	3,131,041
Other	497,242	-	-	-	-	-	-	497,242	-	-	497,242
Total Program and Other Revenue	8,482,092	588,518	-	4,086,594	-	404,750	(81,303)	12,892,133	588,518	-	13,480,651
Net assets released from restrictions	771,365	(771,365)	-	105,860	(105,860)	-	-	877,225	(877,225)	-	-
Total Support and Revenue	27,187,432	3,157,583	162	4,192,454	(105,860)	407,254	(301,103)	31,486,037	3,051,723	162	34,537,922
EXPENSE											
Program Services:											
Annual Campaign Allocations	6,674,342	-	-	-	-	-	-	6,674,342	-	-	6,674,342
Contribution for Leases at Below-Market Rates	-	-	-	421,811	-	-	-	421,811	-	-	421,811
Community Services	1,718,450	-	-	419,681	-	-	-	2,138,131	-	-	2,138,131
Other Grants and Contributions	3,623,945	-	-	-	-	820,875	(219,800)	4,225,020	-	-	4,225,020
Total Program Services	12,016,737	-	-	841,492	-	820,875	(219,800)	13,459,304	-	-	13,459,304
Supporting Services:											
Management and General:											
Administrative Expense	1,221,922	-	-	-	-	15,130	-	1,237,052	-	-	1,237,052
Building Administration	81,303	-	-	695,086	-	-	(81,303)	695,086	-	-	695,086
Interest Expense	5,755	-	-	31,857	-	-	-	37,612	-	-	37,612
Provision for Uncollectible Pledges and Loans	295,442	-	-	-	-	-	-	295,442	-	-	295,442
Fundraising	1,866,129	-	-	-	-	-	-	1,866,129	-	-	1,866,129
Total Supporting Services	3,470,551	-	-	726,943	-	15,130	(81,303)	4,131,321	-	-	4,131,321
Total Expense	15,487,288	-	-	1,568,435	-	836,005	(301,103)	17,590,625	-	-	17,590,625
CHANGE IN NET ASSETS	11,700,144	3,157,583	162	2,624,019	(105,860)	(428,751)	-	13,895,412	3,051,723	162	16,947,297
Net Assets - Beginning of Year	74,159,427	2,984,609	4,344,757	1,235,885	105,860	12,695,770	-	88,091,082	3,090,469	4,344,757	95,526,308
NET ASSETS - END OF YEAR	\$ 85,859,571	\$ 6,142,192	\$ 4,344,919	\$ 3,859,904	\$ -	\$ 12,267,019	\$ -	\$ 101,986,494	\$ 6,142,192	\$ 4,344,919	\$ 112,473,605