Jewish Community Foundation OF GREATER METROWEST NJ

Consolidated Financial Statements

June 30, 2018 and 2017

With Independent Auditors' Report

withum AUDIT TAX ADVISORY

Jewish Community Foundation of Greater MetroWest N.J., Inc.
June 30, 2018 and 2017

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ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Jewish Community Foundation of Greater MetroWest N.J., Inc.:

We have audited the accompanying consolidated financial statements of Jewish Community Foundation of Greater MetroWest N.J., Inc., which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses 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 audits 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 financial position of Jewish Community Foundation of Greater MetroWest N.J., Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

As discussed in Note 2 to the consolidated financial statements, in 2018, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

Withum Smith+Brown, PC

December 6, 2018

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 5,508,700	$ 6,037,909
Restricted cash held in investment pool	21,469,797	33,375,287
Pledges receivable, net	61,344	100,821
Notes receivable	2,916,000	--
Loans receivable	93,500	95,000
Other current assets	628,165	421,085
Total current assets	30,677,506	40,030,102
Property and equipment, net	5,368,286	5,934,995
Other assets		
Investments, net of restricted cash held in investment pool	425,320,556	345,920,137
Pledges receivable, net of current portion	34,052	81,052
Notes receivable, net of current portion	--	2,916,000
Loans receivable, net of current portion	146,500	140,000
Cash surrender value, life insurance, net	6,834,675	6,563,235
Property and equipment, held for rental, net	1,143,716	1,476,119
Total other assets	433,479,499	357,096,543
Total assets	$ 469,525,291	$ 403,061,640
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 468,648	$ 507,018
Grants payable	9,544,146	6,067,367
Split interest agreements payable	227,748	244,358
Due to affiliated organizations	58,562	218,372
Bonds payable	5,400,000	--
Deferred revenue	8,222	8,222
Total current liabilities	15,707,326	7,045,337
Long term liabilities		
Bonds payable	--	5,400,000
Due to affiliated organizations, net of current portion	84,900,520	83,943,094
Due to other organizations	27,137,760	26,757,323
Deferred revenue, net of current portion	1,317,435	1,325,657
Split interest agreements payable, net of current portion	897,912	1,055,115
Grants payable, net of current portion	19,948,877	21,477,553
Total long term liabilities	134,202,504	139,958,742
Total liabilities	149,909,830	147,004,079
Net assets		
Without donor restrictions	271,715,757	208,545,596
With donor restrictions	47,899,704	47,511,965
Total net assets	319,615,461	256,057,561
Total liabilities and net assets	$ 469,525,291	$ 403,061,640

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	$ 77,000,810	$ 1,655,692	$ 78,656,502	$ 28,581,186	$ 5,939,716	$ 34,520,902
Bequests	11,926	--	11,926	6,000	--	6,000
Rent income	2,376,826	--	2,376,826	2,376,826	--	2,376,826
Investment income	20,965,724	3,326,231	24,291,955	38,866,768	5,262,372	44,129,140
Administrative fee revenue	798,139	--	798,139	646,791	--	646,791
Allocation of investment income to managed funds of affiliated and other organizations	(8,715,456)	--	(8,715,456)	(13,478,040)	--	(13,478,040)
Gain on sale of property	--	--	--	1,555,996	--	1,555,996
Valuation allowances	250,474	--	250,474	37,000	(35,129)	1,871
	92,688,443	4,981,923	97,670,366	58,592,527	11,166,959	69,759,486
Net assets released due to satisfaction of purpose restrictions	4,594,184	(4,594,184)	--	3,547,949	(3,547,949)	--
	97,282,627	387,739	97,670,366	62,140,476	7,619,010	69,759,486
Expenses						
Programs	31,688,712	--	31,688,712	41,326,649	--	41,326,649
Management and general	1,078,899	--	1,078,899	785,658	--	785,658
Fundraising	1,344,855	--	1,344,855	1,299,508	--	1,299,508
	34,112,466	--	34,112,466	43,411,815	--	43,411,815
Changes in net assets	63,170,161	387,739	63,557,900	18,728,661	7,619,010	26,347,671
Net assets, beginning of year	208,545,596	47,511,965	256,057,561	189,816,935	39,892,955	229,709,890
Net assets, end of year	$ 271,715,757	$ 47,899,704	$ 319,615,461	$ 208,545,596	$ 47,511,965	$ 256,057,561

The Notes to Consolidated Financial Statements are an integral part of these statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Changes in net assets	$ 63,557,900	$ 26,347,671
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation (operating and rental assets)	899,112	869,731
Gain on sale of property	--	(1,555,997)
Change in cash surrender value on life insurance	(271,440)	(148,783)
Change in value of charitable remainder trusts	125,946	183,912
Present value adjustment on pledges receivable	--	(1,340)
Present value adjustment on grants payable	810,491	(495,861)
Collections of losses on pledges receivable	--	(13,791)
Net realized and unrealized gains on investments	(13,393,778)	(39,315,267)
Permanent additions	(30,675)	(5,100)
Changes in assets and liabilities		
Pledges receivable	86,477	6,940
Other current assets	(207,080)	10,562
Accounts payable and accrued expenses	(38,370)	120,458
Grants payable	1,137,612	4,974,036
Split interest agreements payable	(299,759)	(239,614)
Due to affiliated organizations	797,616	7,487,175
Due to other organizations	380,437	3,332,399
Deferred revenue	(8,222)	(8,222)
Net cash provided by operating activities	53,546,267	1,548,909
Cash flows from investing activities		
Payments on note receivable	--	966,500
Advance of loan receivable	(130,000)	--
Payment on loan receivable	125,000	125,000
Purchase of investments	(195,108,098)	(136,374,615)
Sale of investments	129,101,457	146,892,422
Proceeds from sale of property	--	1,632,603
Net cash (used) provided by investing activities	(66,011,641)	13,241,910
Cash flows from financing activities		
Permanent additions of contributions with donor restrictions	30,675	5,100
Net cash provided by financing activities	30,675	5,100
Net change in cash, cash equivalents and restricted cash	(12,434,699)	14,795,919
Cash, cash equivalents and restricted cash		
Beginning of year	39,413,196	24,617,277
End of year	$ 26,978,497	$ 39,413,196
Supplemental disclosure of cash flow information		
Interest paid	$ 123,373	$ 98,723
Income taxes paid	$ 334,341	$ 109,540

The Notes to Consolidated Financial Statements are an integral part of these statements.

Jewish Community Foundation of Greater MetroWest N.J., Inc.
Consolidated Statement of Functional Expenses
Years Ended June 30, 2018 and 2017

	2018				2017			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	$ 483,824	$ 478,319	$ 592,683	$ 1,554,826	$ 524,886	$ 415,216	$ 517,661	$ 1,457,763
Payroll taxes and fringe benefits	98,340	98,340	120,546	317,226	100,347	79,381	98,966	278,694
Grants expense	29,404,393	--	--	29,404,393	38,967,277	--	--	38,967,277
Office expense	179,508	37,697	141,811	359,016	207,551	43,582	163,965	415,098
Consultants	71,808	15,080	56,728	143,616	46,929	9,855	37,074	93,858
Occupancy expense	43,441	9,123	34,318	86,882	37,686	7,914	29,772	75,372
Travel and related expenses	15,768	3,311	12,457	31,536	25,955	5,450	20,504	51,909
Interest expense	61,687	12,954	48,732	123,373	49,362	10,366	38,996	98,724
Bad debt expense	3,514	--	--	3,514	--	--	--	--
Unrelated business income tax	--	334,341	--	334,341	--	109,540	--	109,540
Depreciation and amortization	899,112	--	--	899,112	869,731	--	--	869,731
Miscellaneous	427,317	89,734	337,580	854,631	496,925	104,354	392,570	993,849
	$ 31,688,712	$ 1,078,899	$ 1,344,855	$ 34,112,466	$ 41,326,649	$ 785,658	$ 1,299,508	$ 43,411,815

The Notes to Consolidated Financial Statements are an integral part of these statements.

1. NATURE OF ACTIVITY

Jewish Community Foundation of Greater MetroWest N.J., Inc. (the "Foundation"), a wholly owned subsidiary of the Jewish Federation of Greater MetroWest N.J., ("Federation"), was incorporated in 1949 as a New Jersey not-for-profit corporation. The Foundation's primary function is to receive, administer and allocate funds and property for Federation and its beneficiary agencies. The Foundation operates a bequest and endowment program which conducts educational and promotional activities for the development of funds for capital purposes and special projects, and a philanthropic fund which promotes the philanthropic interests and activities of Federation through the grant making process. The Foundation is comprised of approximately 720 individual funds. In addition, the Foundation holds and invests funds for the benefit of other affiliated and non-affiliated organizations. Investments by affiliated and non-affiliated organizations in certain funds administered by the Foundation are subject to significant withdrawal restrictions. The Foundation and Federation are related organizations, affiliated by means of overlapping Boards of Trustees and management. A substantial portion of the Foundation's revenue is derived from contributions and investment earnings.

There are ten Supporting Foundations of the Foundation at June 30, 2018 and 2017, which support the charitable activities of the Foundation. These supporting organizations are included in the accompanying consolidated financial statements and are included in assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the Jewish Community Foundation of MetroWest New Jersey, Inc. and its Supporting Foundations all of which are affiliated by means of overlapping Boards of Trustees control and management. Collectively, the eight organizations are hereafter referred to in this report as "the Foundation". All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, Foundation resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- Without Donor Restrictions - include expendable resources that are used to carry out the Foundation's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Foundation or may be limited by contractual agreements with outside parties.

- With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions and are allocated to functional categories depending upon the ultimate purpose of the expenditure. Releases of net assets with donor restrictions which include either the satisfaction of a donor requirement or the passage of time are reported as net assets released from restrictions in the consolidated statements of activities and changes in net assets.

Revenue and Support Recognition

The Foundation recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. The Foundation's governing documents further provide that, absent contrary directions given in the transferring instrument regarding the use of principal, all or part of the principal of any fund may be used subject to certain conditions, including approval of the Board of Trustees. Therefore, such contributions are reported as assets without donor restrictions. Bequests are accrued as an asset when the respective will has been declared valid. Donated securities, equipment and works of art are recorded at fair value on the date of donation.

Cash, Cash Equivalents and Restricted Cash

The Foundation considers all highly liquid debt instruments with a maturity of three months or less at time of purchase to be cash equivalents. Such instruments consist primarily of certificates of deposit which are recorded at cost which approximates fair value. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2018	2017
Cash and cash equivalents	$ 5,508,700	$ 6,037,909
Restricted cash held in investment pool	21,469,797	33,375,287
Total cash, cash equivalents and restricted cash shown in consolidated statements of cash flows	$ 26,978,497	$ 39,413,196

Amounts included in restricted cash held in investment pool represent donor and custodial funds held for either long-term investment or for philanthropic use at the direction of the donors. Withdrawals are subject to restrictions based on the contract terms for the custodial funds held for others and for donor funds.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded in the consolidated statements of activities and changes in net assets other than for unrelated business income tax, which is due based on pass-through taxable income received from investments in alternative investments which amounted to $334,341 and $109,540 for the years ended June 30, 2018 and 2017, respectively. Management has determined that there are no uncertain tax positions at the Foundation at June 30, 2018 and 2017. In addition, the Foundation did not have any income tax related penalties or interest for the periods reports in these consolidated financial statements.

Property, Equipment and Depreciation

Property and equipment purchases are recorded at cost, except for donated items which are recorded at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The depreciable years utilized by major asset categories are as follows:

Description	Estimated Life (Years)
Buildings	40
Building improvements	30
Furniture and equipment	5-10

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

Estimates

The preparation of 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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The Foundation records valuation allowances and discounts for its charitable remainder trust agreements and life insurance policies. In addition, liabilities related to charitable remainder trust agreements are based on the estimated life expectancy of the beneficiaries. Significant estimates are also utilized in the determination of certain investments and for multi-year grant commitments. It is reasonably possible that these estimates could change in the near future.

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Investments in limited partnerships are comprised substantially of real estate limited partnerships and hedge funds. These investments are stated at fair value as determined by the individual fund managers. Hedge fund fair value is based on contributions to the various funds and the allocated share of investment earnings including realized and unrealized gains and losses. The investment managers may make adjustments to values so determined, if in their experience, such methodology does not accurately reflect the underlying value of the investment. Fair value for real estate limited partnerships is determined using performance multiples or the market capitalization rate methodology applied to net income. Multiples are determined using market based conditions of quoted companies or are derived from recent mergers and acquisition transactions. Money market funds consist of cash and cash equivalents and are shown as current investments in the consolidated statements of financial position. Investments other than the money market funds shown in restricted cash are shown as long term based on withdrawal restrictions noted in the fund agreements and the long term donative intent of the philanthropic funds and management has no intent to utilize these funds during the subsequent year. Donated investments are recorded at the fair value at the date of receipt.

Investment Income

Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) is included in assets without donor restrictions unless the income or loss is restricted by donor or law. Except for those funds which have specifically identified investments associated with them, the majority of the investments are held in pooled funds at the Foundation. Each fund is assigned a unit value and its ownership interest is based on the allocation of the fair value of the fund's units to the total fair value of the investment pool. The pools are revalued monthly and income and gains or losses are allocated to each fund based on its units.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment of long-lived assets, the Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that there were no impairments for the periods presented in these consolidated financial statements.

Grants

Grants are recorded when approved by the Board of Trustees. The Foundation, from time to time, approves grants with certain conditions; however, the probability that the grantees will not meet these conditions is considered remote, and such grants are recorded as grants payable when approved.

Notes Receivable

The Foundation carries its notes receivable at amortized cost.

Functional Expenses

Expenses are reported in the consolidated statements of activities and changes in net assets based on the nature and function of the expenses as a program service or supporting function. The Foundation incurs expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Grants are directly charged to program expense. Salaries are allocated based on time spent in each of the functional categories for each employee. Fringe benefits and other administrative costs are allocated using the weighted average of salaries in each category.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including short term pledges receivable, accounts payable and accrued expenses and grants payable approximate their fair values because of the relatively short maturity of these instruments.

The value of pledges receivable reasonably approximates fair value as they are presented using estimated future cash flows discounted by a market rate of interest. The fair value on notes receivable is estimated to be approximately $2,916,000 and $2,592,000 for the years ended June 30, 2018 and 2017, respectively. Due to affiliated organizations and due to other organizations approximate fair value as they are adjusted regularly to reflect the change in fair value of the associated investments. The carrying amounts of bonds payable approximate fair value as the interest rate on the bonds fluctuates monthly based on a market rate of interest. Split interest agreements payable approximate fair value as they are adjusted regularly to reflect the fair value of the associated investment less the present value of estimated future distributions. Grants payable approximate fair value as the long term grants payables are discounted using a market rate of interest.

Split Interest Agreements

Assets held in the split interest agreements are recorded at fair value in the Foundation's consolidated statements of financial position.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform with the presentation in the current year consolidated financial statements. The reclassifications had no effect on the changes in net assets.

New Accounting Pronouncement Adopted in Current Year

During 2018, the Foundation adopted ASU 2016-14 – Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification. A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2017 is as follows:

	2017			2016		
Net Assets Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented:						
Unrestricted	$ 208,129,374	$ --	$ 208,129,374	$ 189,406,899	$ --	$ 189,406,899
Temporarily restricted	--	43,554,571	43,554,571	--	35,934,476	35,934,476
Permanently restricted	--	4,373,615	4,373,615	--	4,368,515	4,368,515
Net assets as previously presented	208,129,374	47,928,186	256,057,560	189,406,899	40,302,991	229,709,890
Reclassifications to implement ASU 2016-14						
Underwater endowment						
Adjustment - July 1, 2016	410,036	(410,036)	--	410,036	(410,036)	--
Adjustment - June 30, 2017 reclassification	6,185	(6,185)	--	--	--	--
Net assets as reclassified	$ 208,545,595	$ 47,511,965	$ 256,057,560	$ 189,816,935	$ 39,892,955	$ 229,709,890

New Accounting Pronouncements Issued Not Yet Effective

In June 2018 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date would be for fiscal years ending in 2021.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet for all of the company's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2019.

In May 2014, FASB issued accounting standards update ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods and interim periods beginning after December 15, 2018. The ASU is to be applied retrospectively or using a cumulative effect transition method. Early adoption is permitted.

In June 2016, the FASB issued two standards that address the accounting for financial instruments. ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which is effective for fiscal years beginning after December 2018 which includes guidance for equity investments held by a not-for-profit organization and adds guidance on the comprehensibility of investments in debt securities. It also requires the measurement of certain equity investments such as venture capital funds, partnership interests in accordance with ASC 958-321. ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 2020, requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates.

The Foundation is currently evaluating the effect that these pronouncements will have on its consolidated financial statements and related disclosures.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2018, financial assets and liquidity resources available within one year for general expenditures were as follows:

Financial assets	
Cash and cash equivalents	$ 5,508,700
Pledges receivable, net	61,344
Loan receivable	93,500
	5,663,544
Plus JCF Unrestricted Fund assets	1,361,047
Total financial assets and liquidity resources available within one year	$ 7,024,591

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statement of financial position date. Additionally, grants that are authorized and paid from donor advised and other restricted funds in the subsequent year would be funded from the related restricted cash or other long term investments and not from the financial assets noted above.

4. PLEDGES RECEVABLE

Pledges receivable, which have been discounted to net present value at 5 percent, consisted of the following at June 30:

	2018	2017
Total receivables	$ 834,534	$ 921,011
Less: Discounts to present value	5,948	5,948
Allowance for uncollectible amounts	733,190	733,190
Pledges receivable, net	95,396	181,873
Current portion	61,344	100,821
Pledges receivable, long term	$ 34,052	$ 81,052

5. NOTES RECEIVABLE

The Foundation evaluated the loans based on the past payment history and credit worthiness of the borrowers and determined no loan loss allowance is required as of June 30, 2018 and 2017. The recorded investment is based on the Foundation's best estimate of the present value of future cash flows, discounted in the loan contractual interest rate of 5.75 to 7.15 percent. Interest is accrued monthly. The notes were fully paid in November 2018. Notes receivable are comprised of the following at June 30:

	2018	2017
Note receivable bearing interest at 5.75 percent, maturing December 2018. No principal payments are due under the note until maturity. Note is secured by a partnership interest.	$ 2,916,000	$ 2,916,000

Maturity of note receivable during the year ended June 30: 2019 - $2,916,000.

Information on these loans is as follows:

	Note 1	Note 2
Recorded investment	$ 2,916,000	$ --
Unpaid principal and accrued interest	$ 2,999,835	$ 44,475
Related allowance	$ --	$ --
Average recorded investment	$ 2,999,835	$ 527,241
Interest income recognized	$ 167,670	$ 24,742

6. FAIR VALUE MEASUREMENTS

The Foundation has provided fair value disclosure information for relevant assets and liabilities in these consolidated financial statements. For applicable assets and liabilities, the Foundation values such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Foundation values such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Foundation develops measurement criteria based on the best information available.

The following tables summarize assets which have been accounted for at fair value on a recurring basis as of June 30, along with the basis for the determination of fair value:

	2018			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Money market funds	$ 21,469,797	$ 21,469,797	$ --	$ --
Equities				
Materials	1,361,374	1,361,374	--	--
Industrials	7,144,046	7,144,046	--	--
Telecommunications services	1,349,293	1,349,293	--	--
Consumer discretionary	12,487,660	12,487,660	--	--
Consumer staples	1,504,122	1,504,122	--	--
Energy	2,953,020	2,953,020	--	--
Financial	22,169,411	22,169,411	--	--
Healthcare	8,787,858	8,787,858	--	--
Information technology	16,493,903	16,493,903	--	--
Utilities	1,100,704	1,100,704	--	--
Mutual funds				
Domestic equity mutual funds	34,734,639	34,734,639	--	--
International equity mutual funds	18,025,002	18,025,002	--	--
Global fund	25,382,849	25,382,849	--	--
Bank loan funds (a)	15,751,918	--	15,751,918	--
International fixed income	9,686,075	9,686,075	--	--
Corporate bonds				
AAA - A ratings	19,416,107	--	19,416,107	--
BBB - B- ratings	18,237,682	--	18,237,682	--
CCC - C- ratings	1,166,650	--	1,166,650	--
Not rated	16,653,050	--	16,653,050	--
State of Israel bonds (b)	3,874,198	--	3,874,198	--
U.S. Treasury obligations	24,520,628	24,520,628	--	--
U.S government agencies	2,850,108	2,850,108	--	--
Alternative investments				
Multi-strategy (c)	10,580,403	--	--	10,580,403
Private equity (d)	8,626,002	--	--	8,626,002
Real estate (e)	12,828,956	--	--	12,828,956
Natural resources (f)	5,056,691	--	--	5,056,691
Other (g)	1,673,217	--	--	1,673,217
	325,885,363	$ 212,020,489	$ 75,099,605	$ 38,765,269
Investments measured at NAV	120,904,990			
	$ 446,790,353			

(1) In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	2017			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Money market funds	$ 33,375,287	$ 33,375,287	$ --	$ --
Equities				
Materials	641,374	641,374	--	--
Industrials	6,804,208	6,804,208	--	--
Telecommunications services	1,622,180	1,622,180	--	--
Consumer discretionary	9,613,086	9,613,086	--	--
Consumer staples	1,668,666	1,668,666	--	--
Energy	2,928,294	2,928,294	--	--
Financial	15,353,618	15,353,618	--	--
Healthcare	6,649,505	6,649,505	--	--
Information technology	11,702,152	11,702,152	--	--
Utilities	998,333	998,333	--	--
Mutual funds				
Domestic equity mutual funds	35,404,923	35,404,923	--	--
International equity mutual funds	28,768,333	28,768,333	--	--
Global fund	2,073,079	2,073,079	--	--
Bank loan funds (a)	14,599,409	--	14,599,409	
International fixed income	9,603,348	9,603,348	--	--
Corporate bonds				
AAA - A ratings	10,291,106	--	10,291,106	--
BBB - B- ratings	3,223,813	--	3,223,813	--
CCC - C- ratings	581,275	--	581,275	--
State of Israel bonds (b)	3,871,852	--	3,871,852	--
U.S. Treasury obligations	30,294,993	30,294,993	--	--
U.S government agencies	2,403,427	2,403,427	--	--
Alternative investments				
Multi-strategy (c)	8,762,260	--	--	8,762,260
Private equity (d)	8,898,999	--	--	8,898,999
Real estate (e)	13,049,380	--	--	13,049,380
Natural resources (f)	3,814,307	--	--	3,814,307
Other (g)	2,268,217	--	--	2,268,217
	269,265,424	$ 199,904,806	$ 32,567,455	$ 36,793,163
Investments measured at NAV	110,030,000			
	$ 379,295,424			

The following table lists the investments by class and investment strategy at June 30, 2018:

Strategies	# of Funds	Valuation	Unfunded Commitment	Redemption Commitment	Redemption Notice Period
Multi-asset strategy (h)	1	$ 38,623,871	--	N/A	Daily
Multi-strategy (c)	3	35,473,027	--	N/A	65 - 105 days
Private equity (d)	1	272,447	--	N/A	None
Natural resources (f)	1	2,497,228	300,000	N/A	None
Private equity - long (i)	2	30,073,749	--	N/A	None
Private equity - long (j)	1	5,224,822	--	N/A	None
Private equity - long (k)	1	8,739,846	--	N/A	None
		$ 120,904,990			

a) Bank loan funds seek to provide a high level of current income by investing in floating rate loans and debt securities, primarily senior loans, which are below investment grade quality.

b) State of Israel bonds are backed by a 60 year record of dependability and Israel has never defaulted on the payment of principal or interest. The bonds all have maturity dates though June 2020. The Foundation intends to hold the bonds until maturity.

c) The multi-strategy funds are fund of funds and directly held funds which in aggregate represent a number of underlying funds covering a wide array of investment strategies. Approaches include public and private equity, long/short equity and debt strategies, credit arbitrage and active fixed income investing. Of this category, 79 percent is redeemable semi-annually with a notice of 95 days, nine percent is redeemable annually with a notice of 90 days and twelve percent is redeemable quarterly with a notice of 60 - 65 days.

d) Private equity assets invest in various companies and some debt securities, both domestic and international. The partnerships have a remaining legal life span of two to twelve years with no redemption rights for the Limited Partners. Liquidity is expected in the form of distributions from the funds when the underlying assets are sold. It is estimated that the underlying assets will be redeemed over this time period and that the Foundation will make new investments in other private equity strategies. The majority of the capital calls are expected within two to six years and return of capital is anticipated in one to twelve years.

e) Real estate assets are investments in private real asset funds which invest in office, hotel, commercial, residential and industrial real estate. The funds have a remaining legal life span of two to eight years with no redemption rights for Limited Partners. The majority of the capital calls are expected within two to four years and return of capital is anticipated in one to ten years.

f) Natural resources assets are investments in oil and natural gas and other natural resources-related industries. The funds have a remaining legal life span of one to ten years with no redemption rights for Limited Partners. The majority of the capital calls are expected within two to four years and return of capital is anticipated in one to ten years.

g) Other assets are investments in limited partnerships holding real estate assets. There is currently no market for the underlying assets and sales are not expected in the near future.

h) Multi-asset strategy seeks to achieve a total return that over a majority of market cycles exceeds inflation plus five percent per annum. Underlying investments include global equities, domestic equities, fixed income, private equities and publicly traded limited partnerships. The investment is redeemable daily with a NAV calculated on a daily basis.

i) All cap fund with long strategy focused on international markets. The investment is redeemable monthly at a NAV calculated on a monthly basis.

j) Open ended fund with an objective to achieve long-term total return through investments in equity securities of emerging-market companies that are undervalued at time of purchase. The investment is redeemable monthly at a NAV calculated on a monthly basis.

k) International small cap fund focused on long term absolute returns. The investment is redeemable monthly with a NAV calculated on a monthly basis.

The following is a summary of activity for the years ended June 30, 2018 and 2017 for assets (liabilities) measured at fair value based on unobservable measurement criteria:

	Total Investments	Multi-Strategy	Private Equity	Real Estate	Natural Resources	Other
Balance, July 1, 2016	$ 36,249,967	$ 7,148,366	$ 11,031,115	$ 12,977,385	$ 2,818,588	$ 2,274,513
Realized and unrealized (losses) gains included in income	(252,916)	566,104	(786,521)	(44,554)	15,351	(3,296)
Purchases	5,253,311	1,252,934	433,414	2,586,595	980,368	--
Sales	(4,457,199)	(205,144)	(1,779,009)	(2,470,046)	--	(3,000)
Balance, July 1, 2017	36,793,163	8,762,260	8,898,999	13,049,380	3,814,307	2,268,217
Realized and unrealized gains (losses) included in income	2,983,442	495,738	1,010,504	1,428,893	48,307	--
Purchases	8,986,665	2,278,544	1,400,714	3,064,586	2,242,821	--
Sales	(9,998,001)	(956,139)	(2,684,215)	(4,713,903)	(1,048,744)	(595,000)
Balance, June 30, 2018	$ 38,765,269	$ 10,580,403	$ 8,626,002	$ 12,828,956	$ 5,056,691	$ 1,673,217

Investment income consisted of the following at June 30:

	2018	2017
Interest and dividend income	$ 12,470,527	$ 6,261,944
Interest on notes receivable	167,670	167,670
Realized gains	15,137,929	20,855,976
Unrealized (losses) gains	(1,763,611)	18,459,292
	26,012,515	45,744,882
Investment fees	(1,720,560)	(1,615,742)
	$ 24,291,955	$ 44,129,140

The Foundation invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

7. PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, consists of the following:

	2018	2017
Land	$ 2,953,206	$ 2,953,206
Building and improvements	17,007,417	17,007,417
Furniture and equipment	1,286,643	1,286,643
Works of art	315,000	315,000
Transportation equipment	16,192	16,192
	21,578,458	21,578,458
Less: Accumulated depreciation	16,210,172	15,643,463
	$ 5,368,286	$ 5,934,995

Depreciation expense totaled $566,709 and $528,733 for the years ended June 30, 2018 and 2017, respectively.

8. PROPERTY AND EQUIPMENT HELD FOR RENTAL

The Foundation owns several properties which are rented to beneficiary organizations. Depreciation on these assets totaled $332,403 and $340,998 for of the years ended June 30, 2018 and 2017, respectively. These properties consist of the following at June 30:

	2018	2017
Land	$ 283,454	$ 283,454
Building and improvements	20,432,193	20,432,193
Furniture and equipment	1,002,472	1,002,472
	21,718,119	21,718,119
Less: Accumulated depreciation	20,574,403	20,242,000
	$ 1,143,716	$ 1,476,119

In 2017, the Foundation entered into an agreement with DB Holdings, LLC for the sale of the land and building occupied by Jewish Vocational Service of MetroWest ("JVS") at 111 Prospect St. in East Orange. The net proceeds from the sale totaled $1,632,603. The Foundation agreed to reimburse JVS up to $1,200,000 for moving expenses to two new offices located in East Orange and Livingston. At June 30, 2018, the Foundation has reimbursed JVS $1,200,000.

9. GRANTS PAYABLE

The Foundation has made grant commitments to certain nonprofit organizations as of June 30, as follows:

	2018	2017
Total grant commitments	$ 31,498,979	$ 30,361,367
Less discount to present value	(2,005,956)	(2,816,447)
	29,493,023	27,544,920
Amounts payable in subsequent fiscal year	9,544,146	6,067,367
Amounts payable in future fiscal years	$ 19,948,877	$ 21,477,553

Future payments are as follows: 2019 - $9,544,146; 2020 - $7,162,167; 2021 - $5,867,166; 2022 - $5,600,500; 2023 - $1,550,000 and thereafter - $1,775,000.

10. SPLIT INTEREST AGREEMENTS

The Foundation administers various split interest agreements which provide for the payment of distributions to the grantor or other designated beneficiaries over the agreements' term (usually the designated beneficiary's lifetime). At the end of the agreements' terms the remaining assets are available for the Foundation's use. The portion of the agreement attributable to the future interest of the Foundation is recorded in the consolidated statements of activities and changes in net assets as a contribution with donor restrictions in the period the trust is established.

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using applicable mortality tables and a discount rate of six percent to eight percent based on the nature of the agreements. The present value of the future obligation for split interest agreements at June 30, 2018 and 2017 was $1,125,660 and $1,299,473, respectively. Assets, included in long term investments, related to these agreements at June 30, 2018 and 2017 total $2,528,627 and $2,612,291, respectively. The change in the present value of estimated future payments of $57,966 and $183,912 is included in the valuation allowance on the consolidated statements of activities and changes in net assets for the years ended June 30, 2018 and 2017, respectively.

11. BONDS PAYABLE

On December 1, 1998 the Foundation entered into a loan agreement (the "Loan") with the New Jersey Economic Development Authority (the "NJEDA") in the amount of $5,400,000 to refinance a bond issued in December 1990. The NJEDA funded the Loan proceeds by issuing Refunding Bonds ("Bonds") as follows:

	2018	2017
Series 1998 adjustable rate bonds, interest only payable monthly at a fluctuating rate tied to the BMI municipal rate which fluctuated between 0.87 percent and 1.88 percent for the year ended June 30, 2018, and 0.37 percent and 1.05 percent for the year ended June 30, 2017, principal due December 2018.	$ 5,400,000	$ 5,400,000

Interest on these obligations amounted to $123,373 and $98,723 for the years ended June 30, 2018 and 2017, respectively.

The loan is secured by the Alex Aidekman Family Jewish Community Campus located in Whippany, New Jersey. The NJEDA has transferred and assigned to the bond trustee all rights, title and interest in the loan to secure the 1998 bonds and provide a source of repayment. Interest and principal repayment of the loan correspond to the same terms and conditions of the Bonds. The loan requires maintenance of certain financial ratios and other covenants which have been met as of and for the years ended June 30, 2018 and 2017. The bond was paid to the bond trustee in November 2018.

Letter of Credit

In accordance with the NJEDA agreement the bonds are secured by an irrevocable letter of credit with a commercial bank in the amount of $5,497,000 which expired in December 2018, and which will not be renewed as the bonds were fully repaid in November 2018. The letter of credit is secured by a first mortgage lien on the Alex Aidekman Family Jewish Community Campus located in Whippany, New Jersey. No amounts have been drawn down under this letter of credit for the years ended June 30, 2018 and 2017.

12. DEFERRED REVENUE

During the year ended June 30, 2000, the Foundation entered into a land lease agreement for $1,480,000, with Jewish Community Housing Corporation, Inc. ("JCHC"). The lease is for an initial period of 80 years with a renewal option for an additional 100 years. Under the terms of a 2005 amendment to the lease, JCHC was required to pay the Foundation $1,250,000 of the original $1,480,000 immediately. The remaining $230,000 of the original lease payment is to be paid out of the first 25 percent of the operating surplus which is defined as the cash flow of Lester Senior Housing Complex after payment of all usual and customary operating expenses, debt service, management fees, annual reserves of $120,000 and capital expenditures, which was paid as of June 30, 2011. In addition, JCHC agreed to make annual contingent rent payments equal to an additional 50 percent of the cash flow of Lester Senior Housing Complex as defined.

At June 30, 2018 and 2017 JCHC had prepaid the ground lease in the amounts of $1,325,657 and $1,333,879, respectively, as shown in the consolidated statements of financial position as deferred revenue. This amount is being charged off to rent income at the rate of $8,222 per annum. For each of the years ending June 30, 2018 and 2017, $-0- in contingent rents were paid or accrued based on the calculation of cash flow as defined, accrued balances were offset against deferred revenue.

13. AFFILIATION AND RELATED PARTY TRANSACTIONS

The Foundation's primary function is to receive, invest, administer, and allocate funds for the purposes of Federation and its beneficiary agencies. Funds invested for beneficiary agencies are reflected as long term investments on the consolidated statements of financial position because there are notice restrictions to withdraw the funds. As a related organization due to common boards and management, the Foundation is subject to all of the rights, privileges, obligations and limitations as specified in the by-laws of Federation. The Foundation receives bookkeeping services, joint cost sharing of certain expenditures and participates in pension and benefit plans administered by Federation. Other beneficiary agencies of Federation are entitled to participate in the services provided by the Foundation.

At June 30, certain amounts are due to affiliated and related organizations as follows:

	2018	2017
Jewish Federation of Greater MetroWest New Jersey, Inc.	$ 60,770,051	$ 57,778,909
Jewish Vocational Service of MetroWest, Inc.	1,423,427	1,910,482
Daughters of Israel, Inc.	13,042,573	12,648,494
Jewish Community Center of MetroWest, Inc.	3,347,384	3,489,283
Jewish Family Service of MetroWest, Inc.	5,578,737	5,520,544
Jewish Service for the Developmentally Disabled, Inc.	118,382	636,165
Jewish Historical Society	552,694	540,924
Coordinated Care of MetroWest, Inc.	--	1,147,116
Jewish Community Housing Corporation, Inc.	67,272	271,177
Reimbursement of expenses to Federation	58,562	218,372
Total due to affiliated organizations	84,959,082	84,161,466
Current portion	58,562	218,372
Due to affiliated organizations, long term	$ 84,900,520	$ 83,943,094

Contributions from members of the Board of Trustees for the years ended June 30, 2018 and 2017 totaled approximately $1,149,000 and $5,260,000, respectively. Contributions from one board member for the years ended June 30, 2018 and 2017 represent 16 percent and 88 percent, respectively, of the total received from board members. Other related party transactions can be seen in Notes 15 and 19.

14. DUE TO OTHER ORGANIZATIONS

Amounts due to other organizations totaling $27,137,760 and $26,757,323 at June 30, 2018 and 2017, respectively, represent funds provided to the Foundation by unrelated, non-beneficiary agencies to be invested. The investment earnings allocable to these funds are recorded as a liability in the consolidated statements of financial position. These funds are invested in the various pools offered by the Foundation based on instructions received from the investors pursuant to written agreements. Certain investment pools allow the investors to withdraw funds with relatively short notice (on demand) while other investment pools place significant restrictions on an investor's ability to withdraw funds (over several years). All investments related to the funds provided by these investors, as well as the related liabilities, are reflected as non-current in the consolidated statements of financial position.

15. LEASES

The Foundation leases commercial property to Daughters of Israel, Inc., a beneficiary agency, under an operating lease which expires in June 2020. Rental income under this lease was $2,368,604 for each of the years ended June 30, 2018 and 2017. Future minimum rentals under this lease through June 30, 2020 are as follows: 2019 - $2,368,604 and 2020 - $2,368,604

16. BENEFIT PLANS

The Foundation participated in a multiple employer defined benefit retirement plan (the "Plan") which is administrated by Federation. The Foundation was not considered a separate participating employer under the Plan. The retirement plan was for eligible employees of Federation and its beneficiary agencies. Employees are eligible for coverage provided they work at least 1,000 hours per year and have attained 21 years of age. The Plan was non-contributory and vesting commenced on January 1 following three years of employment as follows: 20 percent in year one; 20 percent each additional year, up to 100 percent after seven years. Normal retirement age is 65 with at least 5 years of service. Effective July 1, 2009 Federation has frozen the Plan benefits and ended the admission of any new participants.

Termination of the Pension Plan
Federation and participating agencies voted to take the steps necessary to terminate the Jewish Federation of Greater MetroWest NJ Employees' Pension. During December 2016, annuities totaling $28 million were purchased form Pacific Life, a highly rated insurance company. A loan agreement of $17.5 million with OceanFirst Bank was closed in December 2016 by Federation to fully fund the plan. Lump sum payments to plan participants were made on December 16, 2016. During the year ended June 30, 2017 termination documents were filed with the Pension Benefit Guaranty Corporation ("PBGC"). Responses to documentation requests were provided to the PBGC in October 2017.

The Foundation participates in a multiple employer post-retirement medical benefits plan (the "Medical Plan") which is also administered by Federation. The Foundation is not considered a separate participating employer under the Medical Plan. The Medical Plan provides subsidized medical and pharmaceutical benefits for full-time employees and pro rata benefits for part-time employees who retire after age 55 having completed 20 years of service by December 31, 2006 or employees who have completed 10 years of service and are age 62 before April 1, 2004 and who retired before December 31, 2006. The Foundation's contribution to the Medical Plan was made as part of the Federation's contribution for the years ended June 30, 2018 and 2017 and was $10,188 and $7,720, respectively.

Federation offers a pre-tax cafeteria payroll withholding plan to all full-time and part-time employees and beneficiary agency employees who work a minimum of 20 hours per week, on a prorata basis. These withholdings are allowed to cover health care expenses not covered under the medical plans, the employee's share of medical premiums, and dependent care expenses. All monies withheld and not utilized under the plan are forfeited.

Federation also administers a 403-B tax deferred annuity plan for its employees and beneficiary agency employees which permits employees to contribute on a deferred tax basis up to a maximum annual contribution of $18,000 to the plan. There are no company contributions to the 403-B plan.

17. NET ASSETS

Net assets consisted of the following at June 30:

	June 30, 2018			June 30, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Detail of Net Assets						
Operating	$ 271,715,757	$ --	$ 271,715,757	$ 208,545,596	$ --	$ 208,545,596
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	--	40,454,074	40,454,074	--	40,352,278	40,352,278
Pledges receivable	--	95,396	95,396	--	181,873	181,873
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	--	2,753,987	2,753,987	--	2,551,740	2,551,740
Endowment	--	4,596,247	4,596,247	--	4,426,074	4,426,074
	$ 271,715,757	$ 47,899,704	$ 319,615,461	$ 208,545,596	$ 47,511,965	$ 256,057,561

Net assets released from donor-imposed restrictions consisted of the following for the years ended June 30:

	2018	2017
Purpose restriction		
Restricted by donors for various philanthropic uses including scholarships, youth programs and the support of Federation and affiliated agencies	$ 4,279,959	$ 3,305,732
Time restriction		
Pledges receivable	86,477	--
Restricted by donors in accordance with charitable remainder unitrust and annuity agreements and charitable gift annuity agreements	227,748	242,217
	$ 4,594,184	$ 3,547,949

Endowment Funds

The Foundation's endowment consists of approximately 29 individual donor-restricted endowment funds established for a variety of purposes.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") provides guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides guidelines for the expenditure of an endowment fund with donor restrictions, absent explicit donor stipulations. Under UPMIFA endowments no longer need to be maintained at historic dollar value amounts and instead not-for-profits are permitted to adopt prudent spending policies which can allow for the temporary invasion of corpus. Management has determined that certain components of the assets with donor restrictions of the Foundation are not endowment funds, specifically related to pledges receivable and charitable gift annuities. Furthermore, the permanent endowments of the Foundation are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated.

The Board of Trustees of the Foundation has interpreted state law as requiring the preservation of the value of the endowment fund with primary consideration given to the donor intent expressed in the gift instrument. For those donations subject to UPMIFA, the Foundation has followed the donor instruments in classifying as assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in assets with donor restrictions is classified as assets with donor restriction until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by state law. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under the policy approved by the Board of Trustees, the endowment assets which are held in the managed pool are invested to produce results that are superior to a balanced stock and bond portfolio at a lower volatility over an entire market cycle.

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately eight percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4 percent of its endowment fund's average fair value over the prior thirteen quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of four percent annually. This is consistent with the Foundation'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.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration Deficiencies of this nature that are reported in assets with donor restrictions were $425,201 and $416,221, for funds with a historical value of $1,676,991 and a fair value of $1,251,790 as of June 30, 2018 and $416,221 for funds with a historical value of $1,650,241 and a fair value of $1,234,020 as of June 30, 2017. These deficiencies resulted from unfavorable market fluctuations that occurred during the previous years. It is the Foundation's policy to permit spending from underwater funds as is determined prudent by management.

The following table provides information regarding the change in endowment net assets for the years ended June 30:

	2018 With Donor Restrictions	2017 With Donor Restrictions
Endowment net assets, July 1	$ 4,426,074	$ 4,189,343
Income	90,827	13,430
Net appreciation - realized and unrealized	276,851	499,793
	4,793,752	4,702,566
Contributions received	30,675	5,100
Appropriated for expenditure	(228,180)	(281,592)
Endowment net assets, June 30	$ 4,596,247	$ 4,426,074
Donor restricted "true" endowment		
Historical gift value	$ 4,404,290	$ 4,373,615
Appreciation	191,957	52,459
Endowment net assets, June 30	$ 4,596,247	$ 4,426,074

18. CONCENTRATION OF RISKS

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, contributions, notes and pledges receivable. At times during the years, cash of the Foundation deposited in financial institutions may exceed the FDIC limit. The management of the Foundation deposits cash funds in high quality institutions to lessen the amount of uninsured exposure. Cash equivalents and investments are in high-quality securities. Although subject to market fluctuations this investment policy somewhat limits the Foundation's exposure to concentrations of credit risk. The Foundation has a long standing history of collecting its receivables which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is recorded in the consolidated financial statements for any amounts considered uncollectible which limits the Foundation's exposure to credit risk.

19. COMMITMENTS - GUARANTEES

The Foundation has guaranteed debt and performance provisions of certain affiliated entities. There are no collateral or indemnification agreements between the Foundation and these entities in the event the Foundation has to perform under the guarantees.

The Foundation is a guarantor of a $12,563,888 line of credit associated with bond indenture agreement issued for Jewish Community Center of MetroWest, Inc. ("JCC") under which the Essex County Improvement Authority issued bonds in the amount of $12,425,000 to finance the renovation and expansion of the JCC's existing facilities in West Orange, New Jersey. The outstanding balance on the bonds payable is $9,615,000 and $10,165,000 as of the years ended June 30, 2018 and 2017, respectively. The line of credit is secured by the JCC facilities. The guarantee contains financial covenants requiring the maintenance of certain liquidity levels; those levels were attained as of June 30, 2018 and 2017. The guarantee also requires that the Foundation maintain assets without donor restrictions of at least $80 million. Effective June 30, 2014, the bond liabilities were transferred under an assignment and assumption agreement to Federation. The associated guarantee remains with the Foundation through the maturity date of July 1, 2025.

The Foundation is a guarantor of the $17,500,000 loan payable associated with the pension plan termination issued for Jewish Federation of MetroWest of NJ. The outstanding balance on the loan payable was approximately $16,887,000 and $17,322,000 for the years ended June 30, 2018 and 2017, respectively. The loan is secured certain investment accounts of the Foundation.

The Foundation is also a guarantor of a $10,000,000 line of credit associated with a bond indenture agreement issued for Daughters of Israel, Inc. ("DOI") under which the Colorado Facilities Authority issued bonds in the amount of $10,000,000 to finance the renovation and expansion of its existing facilities in West Orange, New Jersey. The outstanding balance on the bonds payable is $8,265,000 and $8,550,000, as of June 30, 2018 and 2017, respectively. The line of credit is secured by Daughters of Israel facilities that are being renovated and expanded.

As a result of the guarantee provided to DOI, the Foundation has recorded the fair value of the guarantee as a liability totaling $254,000 and $291,000 in the consolidated statements of financial position as of June 30, 2018 and 2017, respectively.

20. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of December 6, 2018, which is the date the consolidated financial statements were available for release. Based upon this evaluation, the Foundation has determined that no other subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements other than as noted below.

During November 2018, the bonds payable balance of $5,400,000 was fully paid to the bond holder. Additionally, the notes receivable of $2,916,000 was fully paid in November 2018.