

**JEWISH FEDERATION OF
GREATER DAYTON, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

JEWISH FEDERATION OF GREATER DAYTON, INC.

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Federation of Greater Dayton, Inc.
Dayton, Ohio

We have audited the accompanying financial statements of the **Jewish Federation of Greater Dayton, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Jewish Federation of Greater Dayton, Inc.** as of December 31, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, during 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Supplementary Information

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



Dayton, Ohio
June 6, 2019

JEWISH FEDERATION OF GREATER DAYTON, INC.**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 143,669	\$ -	\$ 143,669
Accounts receivable - program services, net	39,811	-	39,811
Pledges receivable - net realizable value	164,769	10,000	174,769
Accounts receivable - other	192,207	-	192,207
Scholarship loans receivable	-	17,065	17,065
Investments	22,140,519	13,361,938	35,502,457
Prepaid expenses and other assets	59,418	118,706	178,124
Due from net assets without donor restrictions	-	17,454	17,454
Due from net assets with donor restrictions	<u>43,000</u>	<u>-</u>	<u>43,000</u>
	22,783,393	13,525,163	36,308,556
PROPERTY AND EQUIPMENT, NET	5,476,308	-	5,476,308
OTHER ASSETS	<u>75,554</u>	<u>67,005</u>	<u>142,559</u>
	<u>\$ 28,335,255</u>	<u>\$ 13,592,168</u>	<u>\$ 41,927,423</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 170,636	\$ -	\$ 170,636
Allocations payable	318,095	-	318,095
Deferred revenue	39,514	-	39,514
Other current liabilities	29,974	-	29,974
Due to net assets without donor restrictions	-	43,000	43,000
Due to net assets with donor restrictions	17,454	-	17,454
Accrued defined benefit obligation - current	275,292	-	275,292
Funds held for others	<u>1,758,927</u>	<u>-</u>	<u>1,758,927</u>
	2,609,892	43,000	2,652,892
LONG-TERM LIABILITIES			
Long-term defined benefit obligation	3,424,708	-	3,424,708
NET ASSETS	<u>22,300,655</u>	<u>13,549,168</u>	<u>35,849,823</u>
	<u>\$ 28,335,255</u>	<u>\$ 13,592,168</u>	<u>\$ 41,927,423</u>

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 205,660	\$ -	\$ 205,660
Accounts receivable - program services, net	35,669	-	35,669
Pledges receivable - net realizable value	46,728	2,365	49,093
Accounts receivable - other	115,771	-	115,771
Scholarship loans receivable	-	12,690	12,690
Investments	25,549,519	14,338,898	39,888,417
Prepaid expenses and other assets	53,589	118,326	171,915
Due from net assets without donor restrictions	-	22,320	22,320
Due from net assets with donor restrictions	<u>39,252</u>	<u>-</u>	<u>39,252</u>
	26,046,188	14,494,599	40,540,787
PROPERTY AND EQUIPMENT, NET	5,650,823	-	5,650,823
OTHER ASSETS	<u>75,554</u>	<u>67,005</u>	<u>142,559</u>
	<u>\$ 31,772,565</u>	<u>\$ 14,561,604</u>	<u>\$ 46,334,169</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 107,494	\$ -	\$ 107,494
Allocations payable	314,206	-	314,206
Deferred revenue	38,823	-	38,823
Other current liabilities	33,491	-	33,491
Due to net assets without donor restrictions	-	39,252	39,252
Due to net assets with donor restrictions	22,320	-	22,320
Accrued defined benefit obligation - current	243,888	-	243,888
Funds held for others	<u>1,755,960</u>	<u>-</u>	<u>1,755,960</u>
	2,516,182	39,252	2,555,434
LONG-TERM LIABILITIES			
Long-term defined benefit obligation	2,556,112	-	2,556,112
NET ASSETS	<u>26,700,271</u>	<u>14,522,352</u>	<u>41,222,623</u>
	<u>\$ 31,772,565</u>	<u>\$ 14,561,604</u>	<u>\$ 46,334,169</u>

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 198,582	\$ 394,888	\$ 593,470
Contributions - annual campaign	1,112,145	73,725	1,185,870
Government fees and grants	95,281	-	95,281
United Way allocation	3,931	-	3,931
Membership dues	13,554	-	13,554
Program service fees	990,163	-	990,163
Management fee	213,643	-	213,643
Investment income	361,731	127,931	489,662
Realized and unrealized losses on investments	(1,084,044)	(736,252)	(1,820,296)
Miscellaneous	36,240	-	36,240
Net assets released from restrictions	<u>833,476</u>	<u>(833,476)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>2,774,702</u>	<u>(973,184)</u>	<u>1,801,518</u>
EXPENSES			
Allocations	2,418,542	-	2,418,542
Program services	2,884,048	-	2,884,048
Supporting services	<u>667,840</u>	<u>-</u>	<u>667,840</u>
Total Expenses	<u>5,970,430</u>	<u>-</u>	<u>5,970,430</u>
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT			
	(3,195,728)	(973,184)	(4,168,912)
Defined benefit plan adjustment	<u>(1,203,888)</u>	<u>-</u>	<u>(1,203,888)</u>
CHANGE IN NET ASSETS	(4,399,616)	(973,184)	(5,372,800)
NET ASSETS			
Beginning of year	<u>26,700,271</u>	<u>14,522,352</u>	<u>41,222,623</u>
End of year	<u>\$ 22,300,655</u>	<u>\$ 13,549,168</u>	<u>\$ 35,849,823</u>

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 927,050	\$ 284,780	\$ 1,211,830
Contributions - annual campaign	1,088,945	100,510	1,189,455
Rental income	123,333	-	123,333
Government fees and grants	75,421	-	75,421
United Way allocation	5,388	-	5,388
Membership dues	14,386	-	14,386
Program service fees	952,839	-	952,839
Management fee	208,710	-	208,710
Investment income	301,699	109,937	411,636
Realized and unrealized gains on investments	2,115,758	1,373,941	3,489,699
Miscellaneous	44,167	-	44,167
Gain on disposal of assets	2,497,003	-	2,497,003
Net assets released from restrictions	<u>828,295</u>	<u>(828,295)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>9,182,994</u>	<u>1,040,873</u>	<u>10,223,867</u>
EXPENSES			
Allocations	1,998,478	-	1,998,478
Program services	2,856,970	-	2,856,970
Supporting services	<u>632,826</u>	<u>-</u>	<u>632,826</u>
Total Expenses	<u>5,488,274</u>	<u>-</u>	<u>5,488,274</u>
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT			
	3,694,720	1,040,873	4,735,593
Defined benefit plan adjustment	<u>(638,824)</u>	<u>-</u>	<u>(638,824)</u>
CHANGE IN NET ASSETS	3,055,896	1,040,873	4,096,769
NET ASSETS			
Beginning of year	<u>23,644,375</u>	<u>13,481,479</u>	<u>37,125,854</u>
End of year	<u>\$ 26,700,271</u>	<u>\$ 14,522,352</u>	<u>\$ 41,222,623</u>

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY DEPARTMENT

NET ASSETS WITHOUT DONOR RESTRICTIONS - PROGRAM SERVICES

YEAR ENDED DECEMBER 31, 2018

	Covenant House	Center	Jewish Family Services	Federation	Complex	Total Program Services
Staff Compensation						
Salaries	\$ -	\$ 747,681	\$ 158,890	\$ 429,725	\$ 91,011	\$ 1,427,307
Employee benefits	-	178,869	15,989	111,213	36,097	342,168
Payroll taxes	-	54,698	12,099	30,494	6,612	103,903
Total staff compensation	-	981,248	186,978	571,432	133,720	1,873,378
Advertising	-	752	209	2,211	-	3,172
Bank charges	-	24,100	-	705	-	24,805
Books and subscriptions	-	840	-	4,605	565	6,010
Conferences, meetings, training	-	18,758	2,062	68,379	39	89,238
Dayton Jewish Observer	-	-	-	26,546	-	26,546
Depreciation	-	-	-	-	187,700	187,700
Food	-	28,659	14,137	33,167	-	75,963
Housekeeping	-	-	-	-	6,300	6,300
Insurance	-	874	-	22,463	30,598	53,935
Interview expenses	-	3,088	625	245	-	3,958
Legal, accounting, consulting	-	-	-	47,605	-	47,605
Maintenance and repairs	-	3,401	6,289	643	105,657	115,990
Memberships and dues	-	7,596	1,356	3,649	-	12,601
Miscellaneous	-	887	506	9,979	3,552	14,924
Occupancy	-	-	-	-	44,167	44,167
Payroll system	-	7,877	3,006	700	-	11,583
Postage	-	4,618	748	7,517	-	12,883
Printing	-	17,157	5,266	22,618	-	45,041
Production room	-	-	-	-	21,011	21,011
Professional fees and contracts	-	-	-	31,808	-	31,808
Program supplies and expenses	-	64,187	4,311	41,489	-	109,987
Rent	-	7,237	275	3,106	-	10,618
Security	-	1,176	-	1,374	2,335	4,885
Staff development	-	956	120	305	-	1,381
Supplies	-	1,990	1,109	272	27	3,398
Telephone	-	1,588	2,584	1,593	780	6,545
Transportation	-	16,794	14,614	7,208	-	38,616
Total functional expenses	\$ -	\$ 1,193,783	\$ 244,195	\$ 909,619	\$ 536,451	\$ 2,884,048

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY DEPARTMENT

NET ASSETS WITHOUT DONOR RESTRICTIONS - PROGRAM SERVICES

YEAR ENDED DECEMBER 31, 2017

	Covenant House	Center	Jewish Family Services	Federation	Complex	Total Program Services
Staff Compensation						
Salaries	\$ -	\$ 726,388	\$ 183,149	\$ 382,232	\$ 92,959	\$ 1,384,728
Employee benefits	1,899	166,435	25,127	77,731	34,215	305,407
Payroll taxes	-	53,485	14,025	27,248	6,806	101,564
Total staff compensation	1,899	946,308	222,301	487,211	133,980	1,791,699
Advertising	-	1,010	1,124	7,851	-	9,985
Bank charges	-	23,276	-	65	-	23,341
Books and subscriptions	-	702	-	2,579	556	3,837
Conferences, meetings, training	-	9,737	878	37,305	2,780	50,700
Dayton Jewish Observer	-	-	-	29,358	-	29,358
Depreciation	61,759	-	-	-	182,899	244,658
Food	-	20,742	18,215	29,174	-	68,131
Housekeeping	-	4	-	-	6,355	6,359
Insurance	-	874	-	20,008	40,040	60,922
Interview expenses	-	1,955	115	287	-	2,357
Legal, accounting, consulting	26,834	-	-	61,511	-	88,345
Maintenance and repairs	1,760	1,071	6,588	1,511	99,100	110,030
Memberships and dues	-	7,461	1,000	4,060	45	12,566
Miscellaneous	120	2,753	167	11,139	3,865	18,044
Occupancy	2,333	-	-	-	37,553	39,886
Payroll system	-	7,520	2,649	-	-	10,169
Postage	-	3,772	773	5,716	-	10,261
Printing	-	14,472	4,516	23,002	-	41,990
Production room	-	-	-	-	19,201	19,201
Professional fees and contracts	-	-	-	39,241	-	39,241
Program supplies and expenses	7,143	52,763	3,122	52,201	-	115,229
Rent	-	5,751	650	15	-	6,416
Security	-	782	-	532	3,256	4,570
Staff development	-	625	60	4,264	-	4,949
Supplies	-	1,681	607	1,243	59	3,590
Telephone	-	1,634	2,508	1,442	725	6,309
Transportation	-	14,580	13,713	6,460	74	34,827
Total functional expenses	\$ 101,848	\$ 1,119,473	\$ 278,986	\$ 826,175	\$ 530,488	\$ 2,856,970

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY DEPARTMENT

NET ASSETS WITHOUT DONOR RESTRICTIONS - SUPPORTING SERVICES

YEAR ENDED DECEMBER 31, 2018

	Campaign and Federation	Complex	Foundation	Total Supporting Services
Staff Compensation				
Salaries	\$ 245,990	\$ -	\$ 91,288	\$ 337,278
Employee benefits	59,068	-	12,261	71,329
Payroll taxes	<u>17,891</u>	<u>-</u>	<u>6,810</u>	<u>24,701</u>
Total staff compensation	322,949	-	110,359	433,308
Donor cultivation	3,932	-	364	4,296
Marketing	548	-	3,502	4,050
Conferences, meetings, training	13,626	-	12,574	26,200
Bank charges	3,722	-	-	3,722
Books and subscriptions	1,092	-	32	1,124
Insurance	22,463	-	-	22,463
Hiring expenses	115	-	-	115
Legal, accounting, consulting	39,897	-	6,455	46,352
Management fees	23,485	-	-	23,485
Memberships and dues	1,206	-	180	1,386
Miscellaneous	646	-	1,055	1,701
Occupancy		28,234		28,234
Payroll system	3,716	-	547	4,263
Postage	2,602	-	979	3,581
Printing	7,512	-	1,647	9,159
Sponsorships	8,055	-	-	8,055
Staff events	5,594	-	1,183	6,777
Supplies	6,840	-	21,985	28,825
Telephone	4,400	-	158	4,558
Transportation	<u>4,876</u>	<u>-</u>	<u>1,310</u>	<u>6,186</u>
Total functional expenses	<u>\$ 477,276</u>	<u>\$ 28,234</u>	<u>\$ 162,330</u>	<u>\$ 667,840</u>

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY DEPARTMENT

NET ASSETS WITHOUT DONOR RESTRICTIONS - SUPPORTING SERVICES

YEAR ENDED DECEMBER 31, 2017

	Campaign and Federation	Complex	Foundation	Total Supporting Services
Staff Compensation				
Salaries	\$ 290,461	\$ -	\$ 43,780	\$ 334,241
Employee benefits	71,807	-	3,112	74,919
Payroll taxes	<u>21,036</u>	<u>-</u>	<u>3,195</u>	<u>24,231</u>
Total staff compensation	383,304	-	50,087	433,391
Donor cultivation	2,609	-	460	3,069
Marketing	535	-	2,358	2,893
Conferences, meetings, training	12,248	-	7,638	19,886
Bank charges	3,959	-	-	3,959
Books and subscriptions	589	-	64	653
Insurance	20,008	-	-	20,008
Hiring expenses	367	-	389	756
Legal, accounting, consulting	29,909	-	3,000	32,909
Management fees	26,365	-	-	26,365
Memberships and dues	1,745	-	1,115	2,860
Miscellaneous	21	-	2,052	2,073
Occupancy	-	27,925	-	27,925
Payroll system	4,347	-	525	4,872
Postage	1,820	-	780	2,600
Printing	5,818	-	1,239	7,057
Sponsorships	5,861	-	-	5,861
Staff events	3,867	-	590	4,457
Supplies	17,763	-	4,034	21,797
Telephone	3,915	-	-	3,915
Transportation	<u>4,396</u>	<u>-</u>	<u>1,124</u>	<u>5,520</u>
Total functional expenses	<u>\$ 529,446</u>	<u>\$ 27,925</u>	<u>\$ 75,455</u>	<u>\$ 632,826</u>

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (5,372,800)	\$ 4,096,769
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	187,700	244,658
Realized and unrealized (gains) losses on investments	1,820,296	(3,489,699)
Gain on disposal of assets	<u>-</u>	<u>(2,497,003)</u>
	(3,364,804)	(1,645,275)
Changes in operating assets and liabilities:		
Receivables	(210,629)	183,899
Prepaid expenses and other current assets	(5,091)	24,061
Payables, accrued expenses, and allocations	963,514	(96,135)
Deferred revenue	691	1,627
Other liabilities	<u>1,849</u>	<u>624,053</u>
Net Cash Used by Operating Activities	<u>(2,614,470)</u>	<u>(907,770)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(13,185)	(98,403)
Proceeds from sales of property and equipment	-	3,484,768
Investment activity, net	<u>2,565,664</u>	<u>(2,546,434)</u>
Net Cash Provided by Investing Activities	<u>2,552,479</u>	<u>839,931</u>
NET DECREASE IN CASH	(61,991)	(67,839)
CASH		
Beginning of year	<u>205,660</u>	<u>273,499</u>
End of year	<u>\$ 143,669</u>	<u>\$ 205,660</u>

See notes to financial statements.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies of **Jewish Federation of Greater Dayton, Inc.** (the "Organization") is presented to assist in understanding the Organization's financial statements.

Nature of Business - **Jewish Federation of Greater Dayton, Inc.** is a nonprofit organization that provides programs and services to the community. The Organization also leased a nursing home, Covenant House, through a lease agreement (see Note 10) through 2017. The Organization conducts an annual fundraising campaign for the support of local and national constituent/beneficiary agencies and services. The funds raised are subsequently allocated by the Organization based upon need, with a substantial portion being allocated to United Jewish Communities. The Organization also periodically conducts other special-purpose fundraising campaigns.

Basis of Presentation - Accounting standards require the Organization to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets that are required to be maintained in perpetuity.

The Foundation assesses an administrative charge on endowment and pass-through funds. The amount assessed to the funds is based upon the total balance of the fund. This amount is used primarily to support the operations of the Foundation. For the years 2018 and 2017, \$23,485 and \$26,365 is included as support and revenue and as a management and general expense. Due to the fact that administrative charges to various funds are considered a significant measure of the operations of the Foundation, these fees have not been eliminated in the financial statements.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocations of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions - In accordance with accounting standards, the Organization accounts for contributions received as support without donor restrictions or support with donor restrictions, depending on the existence or nature of any donor restrictions.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund-raising campaigns.

Concentrations of Credit Risk - Financial instruments that potentially subject the Organization to a concentration of credit risk include cash deposited with financial institutions in excess of the federally insured limit of \$250,000. At various times during the years 2018 and 2017, the Organization's cash balances exceeded the FDIC limits.

Accounts Receivable - Program Services - Membership dues and program services are recorded and included in the year revenue is earned. The Organization has recorded as an expense all accounts which are deemed not collectible. Amounts are considered uncollectible by management when all efforts to collect past due amounts are exhausted. An allowance for uncollectible accounts has been established for amounts estimated to be uncollectible.

Pledges Receivable - Pledges for contributions are recorded as income in the year pledged by the donor and, if unpaid, are included in pledges receivable. Pledges are recorded at net realizable value.

Trust Assets Receivable - The Organization is the beneficiary of charitable remainder trusts. The trusts are valued in the accompanying financial statements at a discounted present value.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position.

Unrealized gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Endowment Investment and Spending Policies - The Organization has adopted an investment policy for endowment assets that attempt to preserve the real purchasing power of the assets, and provide a growing stream of income to be made available for spending, and keeping pace with inflation in order to sustain the operations and grant-making capacity of the Organization. The investment policy establishes a return objective through diversification of asset classes.

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Organization has adopted a formal spending policy to calculate the amount of money annually distributed from the Organization's various endowed funds. The current spending policy is to distribute an amount determined annually by the board of directors and that rate is multiplied by the previous three-year rolling average of the fund's fair market value. For December 31, 2018 and 2017, the board approved a spending rate of 5.0%. The Organization's objective is to avoid invasion into the historical value or principal of a fund to meet the spending policy, unless the terms of a gift allows the Organization to do so in a prudent manner. Accordingly, over the long term, the Organization expects that the formalized spending policy will allow its endowment assets to grow consistent with the Organization's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment return.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment - Property and equipment is carried at cost or the fair market value of donated assets. The Organization capitalizes expenditures in excess of \$1,000 for property and equipment. Property and equipment is depreciated as follows:

	<u>Life</u>	<u>Method</u>
Land improvements	10 - 31.5 Years	Straight-line
Building and furnishings	15 - 50 Years	Straight-line
Equipment	5 - 15 Years	Straight-line

Routine maintenance, repairs, and renewals are charged to expense as incurred. Renewals and betterments which substantially increase the life of property and equipment are capitalized. At retirement or sale, the costs of the assets, less related accumulated depreciation, are removed from the accounts and the resulting gains and losses are included in income. Depreciation expense for the years 2018 and 2017 was \$187,700 and \$244,658.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2018 and 2017.

Allocations Payable - The Organization has obligated itself to pay certain amounts to various charitable organizations in furtherance of its charitable purposes.

Deferred Revenue - Deferred revenue represents that portion of income received but not yet earned through providing services.

Funds Held For Others - The Organization is agent, trustee or intermediary of certain funds held within the Foundation. The liability "Funds Held for Others" represents those assets within the Foundation, which are being held on behalf of other organizations.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2018.

Reclassifications - Certain amounts in the 2017 financial statement have been reclassified to conform to the 2018 financial statement presentation.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Standards - The Organization adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, during 2018. ASU 2016-14 addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been applied retrospectively to all periods presented.

Recently Issued Accounting Standards Not Yet Adopted - In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2020. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 6, 2019, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year-end:	
Cash	\$ 143,669
Accounts receivable - program services, net	39,811
Pledges receivable	174,769
Accounts receivable - other	118,757
Investments	<u>35,502,457</u>
	35,979,463
Less amounts not available to be used within one year due to:	
Endowment funds - investments	(13,361,938)
Philanthropic funds - investments	(16,213,467)
Funds held for others in investments	<u>(1,758,927)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,645,131</u>

The endowment fund consists of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LIQUIDITY AND AVAILABILITY - continued

The philanthropic fund consists of donor advised investments. Income from the donor advised investments is restricted for the donor advised funds.

In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting public support and revenue and by utilizing donor-restricted resources from current gifts.

NOTE 3 - INVESTMENTS

The Federation Foundation division operates a commingled investment fund for use by various philanthropic and donor designated funds and other specific purpose funds within the Foundation. The fund is held by a bank trust department and sells shares in the commingled assets to the individual funds.

Investments consist principally of marketable securities held in brokerage accounts. Investments, recorded at fair value, consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Without Donor Restrictions:		
Cash and cash equivalents	\$ 1,385,704	\$ 1,993,488
Money market funds	21,954	120,953
Marketable securities	697,179	703,821
Commingled Investment Fund	<u>20,035,682</u>	<u>22,731,257</u>
	<u>\$ 22,140,519</u>	<u>\$ 25,549,519</u>
	<u>2018</u>	<u>2017</u>
With Donor Restrictions:		
Cash and cash equivalents	\$ 671,936	\$ 895,068
Marketable securities	9,626	11,469
Commingled Investment Fund	<u>12,680,376</u>	<u>13,432,361</u>
	<u>\$ 13,361,938</u>	<u>\$ 14,338,898</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting standards establish a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. This standard applies whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist primarily of investments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value. Level 1 inputs include quoted prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Organization uses valuation techniques in a consistent manner from year to year.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

The asset or liability's fair market value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used as of December 31, 2018.

Investments: Valued at the net asset value of shares held by the Organization at year end, as based on quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Cash and cash equivalents	\$ 1,385,704	\$ 1,385,704	\$ -	\$ -
Fixed income Equities	<u>13,325,132</u> <u>20,791,621</u>	<u>13,325,132</u> <u>20,791,621</u>	<u>-</u> <u>-</u>	<u>-</u> <u>-</u>
	<u>\$ 35,502,457</u>	<u>\$ 35,502,457</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Cash and cash equivalents	\$ 1,993,488	\$ 1,993,488	\$ -	\$ -
Fixed income Equities	<u>13,912,074</u> <u>23,982,855</u>	<u>13,912,074</u> <u>23,982,855</u>	<u>-</u> <u>-</u>	<u>-</u> <u>-</u>
	<u>\$ 39,888,417</u>	<u>\$ 39,888,417</u>	<u>\$ -</u>	<u>\$ -</u>

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 1,874,360	\$ 1,865,675
Buildings and improvements	6,401,208	6,401,208
Equipment	<u>100,635</u>	<u>133,733</u>
	8,376,203	8,400,616
Less accumulated depreciation	<u>2,899,895</u>	<u>2,749,793</u>
	<u>\$ 5,476,308</u>	<u>\$ 5,650,823</u>

NOTE 6 - OTHER ASSETS

	<u>2018</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Art, library, and religious objects	\$ 75,554	\$ -
Trusts receivable	<u>-</u>	<u>67,005</u>
	<u>\$ 75,554</u>	<u>\$ 67,005</u>

	<u>2017</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Art, library, and religious objects	\$ 75,554	\$ -
Trusts receivable	<u>-</u>	<u>67,005</u>
	<u>\$ 75,554</u>	<u>\$ 67,005</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017 were comprised of the following:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose	\$ 13,356,988	\$ 14,323,323
Subject to the passage of time	217,726	215,961
Due to net assets without donor restrictions	<u>(25,546)</u>	<u>(16,932)</u>
Net assets with donor restrictions	<u>\$ 13,549,168</u>	<u>\$ 14,522,352</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Net assets totaling \$833,476 and \$828,295 were released from restrictions for the years 2018 and 2017.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - MULTI-EMPLOYER PENSION PLAN

The Organization is a participating employer in a multi-employer defined benefit pension plan (the "Plan"). The Plan is managed by a third party trustee and is sponsored and administered by the United Way of Greater Dayton, Inc. The Plan covers substantially all of the Organization's employees, who were employed as of December 31, 2008. The Plan was frozen as of December 31, 2008. The Plan is currently underfunded and the resulting liability will need to be funded before the Plan can be terminated. The Organization has estimated its share of the unfunded pension obligation and recognized a liability in the accompanying statements of financial position. The current portion of the liability represents required contributions for the upcoming year.

In accordance with generally accepted accounting principles, the Organization has recognized expenses for current funding of the Plan in prior years. The financial reporting for the Plan changed for the year ended December 31, 2008, due to the plan curtailment. In accordance with generally accepted accounting principles, the Organization should recognize a net loss in earnings when it is probable that a curtailment will occur and the effects are reasonably estimable. Based upon additional funding and changes in the market value of the Plan's assets, the Organization's estimated liability is \$3,700,000 and \$2,800,000 as of December 31, 2018 and 2017.

The risks in participating in a multi-employer defined benefit pension plan are different from a single-employer plan because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to the employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Organization chooses to stop participating in the plan, it may be required to pay a withdrawal liability to the plan. The administrator of the Plan is investigating spinning off the Plan obligations into separate plans established by the participating agencies. A spin off proposal agreement was drafted and signed by all nine participating agencies. It was submitted to the Pension Benefit Guaranty Corporation (PBGC) in November 2017. In April 2019, the spin off was accepted by the PBGC.

The following represents information about the Organization's multi-employer pension plan as of December 31, 2018 and 2017 and for the years then ended:

<u>Name of Pension Fund</u>	<u>EIN and Plan Number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP Status</u>	<u>Contributions for the Year Ended December 31</u>		<u>Surcharge Imposed</u>
		<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	<u>\$ 303,888</u>	<u>\$ 301,724</u>	*

* The Plan is considered to be a Cooperative and Small Employer Charity Plan (CSEC). As of January 1, 2016, the funded status of the Plan was less than 80%, as a result, Plan management was required to develop a funding restoration plan to fully fund the deficit over the next 7 years.

NOTE 9 - RETIREMENT PLAN

The Organization began sponsoring a 401(k) plan effective on January 1, 2009 to provide retirement benefits to employees. The Plan provides that the Organization may make a discretionary match on an annual basis. Employer contributions to the Plan were \$63,954 and \$60,800 for the years 2018 and 2017.

JEWISH FEDERATION OF GREATER DAYTON, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - COVENANT HOUSE

In February 2015, the Organization entered into an agreement with a third party operator lessee. This lease was effective February 1, 2015, and provided for monthly lease payments contingent upon profits from operations at Covenant House for an agreed upon period. Payments were contingent upon the removal of the Special Focus Facility status with the State of Ohio. Upon satisfaction of requirements under the agreement, the lease provided for monthly lease payments of \$30,833 per month. The lease also provided for 2% increases in each of years 3, 5 and 7 through expiration, December 31, 2021. The lease could be renewed for three additional five-year terms. The Organization received \$123,333 in lease payments during 2017. On May 1, 2017, the Organization sold Covenant House and received net proceeds of \$3,484,768, which resulted in a gain on sale of \$2,497,003. There are no amounts related to Covenant House for 2018.

NOTE 11 - LEASES

The Organization leases three vehicles for a total of \$1,025 per month. These leases expire in November 2019.

The Organization also leases various pieces of office equipment which require combined monthly payments of \$741 and have expiration dates of August 2019 through March 2020.

Rent expense for the years 2018 and 2017 was \$17,290 and \$23,368.

Future minimum lease payments over the next two years are as follows:

2019	\$	18,213
2020		<u>762</u>
	\$	<u>18,975</u>

NOTE 12 - FUNCTIONAL REPORTING

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, insurance, telephone and other expenses, which are allocated on the basis of estimates of time and effort.

The Organization also has an obligation to pay certain amounts to various charitable organizations in furtherance of its charitable purposes. These amounts are reported as allocations on the statements of activities.

JEWISH FEDERATION OF GREATER DAYTON, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	<u>Operations</u>	<u>Foundation</u>	<u>Elimination Entries</u>	<u>F/S Adjustments</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT					
Contributions	\$ 152,191	\$ 441,279	\$ -	\$ -	\$ 593,470
Contributions - annual campaign	1,245,578	-	(32,923)	(26,785)	1,185,870
Government fees and grants	95,281	-	-	-	95,281
United Way allocation	3,931	-	-	-	3,931
Membership dues	13,554	-	-	-	13,554
Program service fees	990,163	-	-	-	990,163
Management fee	213,643	-	-	-	213,643
Investment income	806	488,856	-	-	489,662
Realized and unrealized losses on investments	-	(1,820,296)	-	-	(1,820,296)
Foundation grants	1,085,485	-	(1,085,485)	-	-
Miscellaneous	36,240	-	-	-	36,240
	<u>3,836,872</u>	<u>(890,161)</u>	<u>(1,118,408)</u>	<u>(26,785)</u>	<u>1,801,518</u>
Total Revenue, Gains, and Other Support					
EXPENSES					
Allocations	431,589	3,105,361	(1,118,408)	-	2,418,542
Program services	2,681,548	23,485	-	179,015	2,884,048
Supporting services	667,840	-	-	-	667,840
	<u>3,780,977</u>	<u>3,128,846</u>	<u>(1,118,408)</u>	<u>179,015</u>	<u>5,970,430</u>
Total Expenses					
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT					
	55,895	(4,019,007)	-	(205,800)	(4,168,912)
Defined benefit plan adjustment	-	-	-	(1,203,888)	(1,203,888)
CHANGE IN NET ASSETS	<u>\$ 55,895</u>	<u>\$ (4,019,007)</u>	<u>\$ -</u>	<u>\$ (1,409,688)</u>	<u>\$ (5,372,800)</u>

See independent auditors' report.

JEWISH FEDERATION OF GREATER DAYTON, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	<u>Operations</u>	<u>Foundation</u>	<u>Elimination Entries</u>	<u>F/S Adjustments</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT					
Contributions	\$ 154,878	\$ 1,056,952	\$ -	\$ -	\$ 1,211,830
Contributions - annual campaign	1,250,825	-	(32,834)	(28,536)	1,189,455
Rental income	123,333	-	-	-	123,333
Government fees and grants	26,733	-	-	48,688	75,421
United Way allocation	5,388	-	-	-	5,388
Membership dues	14,386	-	-	-	14,386
Program service fees	952,839	-	-	-	952,839
Management fee	208,710	-	-	-	208,710
Investment income	585	411,051	-	-	411,636
Realized and unrealized gains on investments	-	3,489,699	-	-	3,489,699
Foundation grants	919,717	-	(919,717)	-	-
Miscellaneous	44,167	-	-	-	44,167
Gain on disposal of assets	-	-	-	2,497,003	2,497,003
	<u>3,701,561</u>	<u>4,957,702</u>	<u>(952,551)</u>	<u>2,517,155</u>	<u>10,223,867</u>
Total Revenue, Gains, and Other Support					
EXPENSES					
Allocations	411,619	2,539,410	(952,551)	-	1,998,478
Program services	2,613,002	26,365	-	217,603	2,856,970
Supporting services	632,826	-	-	-	632,826
	<u>3,657,447</u>	<u>2,565,775</u>	<u>(952,551)</u>	<u>217,603</u>	<u>5,488,274</u>
Total Expenses					
CHANGE IN NET ASSETS BEFORE PENSION ADJUSTMENT					
	44,114	2,391,927	-	2,299,552	4,735,593
Defined benefit plan adjustment	-	-	-	(638,824)	(638,824)
CHANGE IN NET ASSETS	<u>\$ 44,114</u>	<u>\$ 2,391,927</u>	<u>\$ -</u>	<u>\$ 1,660,728</u>	<u>\$ 4,096,769</u>

See independent auditors' report.