The Jewish Federation
OF OMAHA

JEWISH FEDERATION OF OMAHA, INC.

Consolidated Financial Statements and
Supplemental Financial Information

June 30, 2018,
with Comparative Totals for 2017

(Together with Independent Auditor's Report)

JEWISH FEDERATION OF OMAHA, INC.

Table of Contents

JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR 2017

SEIM JOHNSON

Independent Auditor's Report

The Board of Directors
Jewish Federation of Omaha, Inc.
Omaha, Nebraska:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Jewish Federation of Omaha, Inc., which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements (collectively, 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.

Auditor's Responsibility

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

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

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

Seim Johnson, LLP ▸ 18081 Burt Street, Suite 200 ▸ Omaha, NE 68022-4722 ▸ Tel: 402.330.2660 ▸ Fax: 402.330.5108 ▸ SeimJohnson.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Omaha, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Jewish Federation of Omaha, Inc. 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

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

Seim Johnson, LLP

Omaha, Nebraska,
November 30, 2018.

JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Financial Position
June 30, 2018
With Comparative Totals for 2017

Assets		**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total 2018**	**Total 2017**
Cash and cash equivalents	$	217,370	1,032,580	--	1,249,950	145,024
Investments, including investments limited as to use		71,599,621	4,644,724	19,548,866	95,793,211	80,986,474
Pledges receivable, net		2,014,548	45,900	--	2,060,448	2,149,716
Other receivables, less allowance for doubtful accounts of $47,291 and $72,327 in 2018 and 2017, respectively		1,071,909	--	--	1,071,909	1,083,316
Beneficial interest in charitable remainder trust assets and other split interest agreements, net		--	--	2,376,718	2,376,718	2,295,329
Other assets		621,858	--	--	621,858	563,235
Property, buildings, and equipment, net		26,551,725	--	--	26,551,725	21,179,279
Total assets	$	102,077,031	5,723,204	21,925,584	129,725,819	108,402,373

Liabilities and Net Assets						
Liabilities:						
Accounts payable - trade	$	572,107	--	--	572,107	408,618
Accounts payable - property, buildings and equipment		1,226,041	--	--	1,226,041	362,701
Accrued expenses		1,211,651	--	--	1,211,651	1,196,945
Deferred revenue		612,436	--	--	612,436	539,027
Annuities and trusts payable		--	--	182,347	182,347	234,049
Custodial funds		10,986,738	--	--	10,986,738	7,129,789
Mortgage payable		553,750	--	--	553,750	655,440
Total liabilities		15,162,723	--	182,347	15,345,070	10,526,569
Net assets		86,914,308	5,723,204	21,743,237	114,380,749	97,875,804
Total liabilities and net assets	$	102,077,031	5,723,204	21,925,584	129,725,819	108,402,373

See notes to consolidated financial statements

JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Activities
For the Year Ended June 30, 2018
With Comparative Totals for 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
Public support, program and investment revenue:					
Public support:					
Contributions	$ 14,706,538	1,137,669	4,143,266	19,987,473	7,033,680
Contributions—United Way of the Midlands	34,155	–	–	34,155	26,192
Grants	550,223	71,455	–	621,678	351,274
Total public support	15,290,916	1,209,124	4,143,266	20,643,306	7,411,146
Program revenue:					
Elderly resident fees	5,385,928	–	–	5,385,928	5,136,873
Medicare and Medicaid resident fees	5,307,051	–	–	5,307,051	5,006,006
Program services	4,048,722	–	–	4,048,722	3,732,595
Membership dues	2,458,113	–	–	2,458,113	2,286,650
Advertising	175,592	–	–	175,592	226,577
Miscellaneous	97,180	–	–	97,180	89,170
Rental income	644,624	–	–	644,624	641,538
Total program revenue	18,117,210	–	–	18,117,210	17,119,409
Investment revenue:					
Change in value of split interest agreements	–	–	225,719	225,719	333,540
Investment income	463,349	228,974	17,764	710,087	255,057
Realized gain on investments, net	844,005	37,503	10,674	892,182	6,421,929
Unrealized gain (loss) on investments	1,956,781	784,949	108,343	2,850,073	(749,849)
Total investment revenue, net	3,264,135	1,051,426	362,500	4,678,061	6,260,677
Total public support, program and investment revenue, net	36,672,261	2,260,550	4,505,766	43,438,577	30,791,232
Net assets released from restrictions	1,211,178	(1,211,178)	–	–	–
Expenses:					
Program services:					
Jewish Community Center	6,719,268	–	–	6,719,268	6,211,957
Rose Blumkin Jewish Home	11,371,191	–	–	11,371,191	11,070,965
Community Engagement and Education	1,076,160	–	–	1,076,160	790,250
Jewish Family Service	486,738	–	–	486,738	513,374
Community Relations Committee	498,833	–	–	498,833	448,371
Jewish Senior Outreach	471,425	–	–	471,425	455,052
Jewish Press	426,426	–	–	426,426	423,104
Jewish Federation and Foundation	616,453	–	–	616,453	534,522
Federation Manor, Inc.	334,445	–	–	334,445	455,192
Total program services	22,000,939	–	–	22,000,939	20,902,787
Supporting services:					
Management and general	546,885	–	–	546,885	431,016
Federation fundraising	598,224	–	–	598,224	504,551
Foundation fundraising	467,440	–	–	467,440	549,536
Occupancy	302,825	–	–	302,825	144,341
Central services	21,273	–	–	21,273	71,083
Total supporting services	1,936,647	–	–	1,936,647	1,700,527
Contributions to nonprofit organizations:					
Jewish Federation of North America	700,000	–	–	700,000	750,000
Other	2,296,046	–	–	2,296,046	2,175,196
Total contributions	2,996,046	–	–	2,996,046	2,925,196
Total expenses	26,933,632	–	–	26,933,632	25,528,510
Change in restrictions	444,202	(12,211)	(431,991)	–	–
Change in net assets	11,394,009	1,037,161	4,073,775	16,504,945	5,262,722
Net assets at beginning of year	75,520,299	4,686,043	17,669,462	97,875,804	92,613,082
Net assets at end of year	$ 86,914,308	5,723,204	21,743,237	114,380,749	97,875,804

See notes to consolidated financial statements

JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2018
With Comparative Totals for 2017

		2018	2017
Cash flows from operating activities:			
Change in net assets	$	16,504,945	5,262,722
Adjustments to reconcile change in net assets to net cash provided byoperating activities:			
Contributions and investment income -			
Contributions for property, buildings and equipment		(6,944,180)	(384,609)
Permanently restricted for endowment		(4,161,030)	(505,778)
Change in value of split interest agreements, net		(81,389)	(87,346)
Realized gain on investments		(892,182)	(6,421,929)
Change in unrealized (gain) loss on investments		(2,850,073)	749,849
Depreciation		1,958,683	1,874,732
Decrease (increase) in:			
Pledges receivable		89,268	(280,574)
Other receivables		11,407	(156,376)
Other assets		(58,623)	(101,106)
Increase (decrease) in:			
Accounts payable - trade		163,489	(64,805)
Accrued expenses		14,706	255,865
Deferred revenue		73,409	51,688
Annuities and trusts payable		(51,702)	55,578
Custodial funds, net		3,856,949	1,634,603
Net cash provided by operating activities		7,633,677	1,882,514
Cash flows from investing activities:			
Purchase of property, buildings, and equipment, net		(6,467,789)	(812,812)
Purchase of investments		(25,061,533)	(31,550,676)
Proceeds from maturities and sales of investments		13,997,051	28,256,476
Net cash used in investing activities		(17,532,271)	(4,107,012)
Cash flows from financing activities:			
Principal payments on mortgage payable		(101,690)	(92,738)
Contributions for property, buildings, and equipment		6,944,180	384,609
Contributions and investment income -			
Permanently restricted for endowment		4,161,030	505,778
Net cash provided by financing activities		11,003,520	797,649
Increase (decrease) in cash and cash equivalents		1,104,926	(1,426,849)
Cash and cash equivalents at beginning of year		145,024	1,571,873
Cash and cash equivalents at end of year	$	1,249,950	145,024
Supplemental disclosure of cash flow information:			
Interest paid	$	55,640	64,657

See notes to consolidated financial statements

JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018
With Comparative Totals for 2017

	Program Services											
	Jewish Community Center			Rose Blumkin Jewish Home								
	Program Services	Management and General	Total	Program Services	Management and General	Total	Community Engagement and Education	Jewish Family Service	Community Relations Committee	Jewish Senior Outreach	Jewish Press	Total carried forward
Salaries—professional	$ 676,517	363,348	1,039,865	574,785	296,899	871,684	164,122	271,657	164,056	103,170	140,777	2,755,331
Salaries—program	2,064,169	178,995	2,243,164	4,800,162	91,646	4,891,808	16,309	1,166	86,745	93,774	32,275	7,365,241
Employee health and benefits	345,686	52,032	397,718	746,775	27,587	774,362	9,677	12,375	29,209	22,765	26,653	1,272,759
Payroll taxes	221,941	40,140	262,081	502,822	31,068	533,890	14,112	23,070	19,496	18,138	13,191	883,978
Total salaries and related expenses	3,308,313	634,515	3,942,828	6,624,544	447,200	7,071,744	204,220	308,268	299,506	237,847	212,896	12,277,309
Program operating costs	328,376	132,925	461,301	1,701,470	134,370	1,835,840	218,215	20,703	74,224	138,294	17,461	2,766,038
Occupancy-allocated	1,028,100	–	1,028,100	368	–	368	35,208	15,432	21,732	–	12,132	1,112,972
Occupancy-expensed	–	–	–	482,991	380	483,371	7,441	6,893	–	–	–	497,705
Central services	–	310,114	310,114	–	403,191	403,191	80,102	46,456	54,671	29,704	71,440	995,678
Professional fees	6,112	12,531	18,643	31,271	17,636	48,907	32,611	39	–	–	3,929	104,129
Mortgage interest	–	–	–	–	–	–	–	–	–	–	–	–
Supplies	64,259	33,635	97,894	80,966	69,167	150,133	1,628	6,880	878	–	4,786	262,199
Printing and publications	7,929	36,125	44,054	521	4,439	4,960	3,001	789	4,406	159	46,634	104,003
Assistance to organizations	–	–	–	–	–	–	57,699	–	–	–	–	57,699
Local transportation	9,936	–	9,936	79,396	3,601	82,997	19,149	359	1,015	45,724	1,293	160,473
Assistance to individuals	–	–	–	268	–	268	367,041	46,647	–	5,177	–	419,133
Dues	9,491	41,967	51,458	27,522	18,638	46,160	744	3,502	200	–	1,828	103,892
Postage and shipping	1,174	34,462	35,636	5,938	12,335	18,273	981	926	854	451	25,534	82,655
Laundry	19,838	1,488	21,326	–	–	–	–	–	–	–	–	21,326
Conferences and meetings	7,613	5,676	13,289	11,990	11,135	23,125	997	3,083	5,963	1,545	–	48,002
Telephone	183	733	916	7,569	2,591	10,160	1,041	648	–	1,421	–	14,186
Miscellaneous	114	2,350	2,464	56,343	27,821	84,164	1,782	2,181	9,167	2,299	8,797	110,854
Total expenses before depreciation	4,791,438	1,246,521	6,037,959	9,111,157	1,152,504	10,263,661	1,031,860	462,806	472,616	462,621	406,730	19,138,253
Depreciation	616,304	65,005	681,309	1,107,530	–	1,107,530	44,300	23,932	26,217	8,804	19,696	1,911,788
Total expenses	$ 5,407,742	1,311,526	6,719,268	10,218,687	1,152,504	11,371,191	1,076,160	486,738	498,833	471,425	426,426	21,050,041
2017 Total expenses	$ 5,083,864	1,128,093	6,211,957	10,089,761	981,204	11,070,965	790,250	513,374	448,371	455,052	423,104	19,913,073

See notes to consolidated financial statements

JEWISH FEDERATION OF OMAHA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018
With Comparative Totals for 2017

	Program Services				Supporting Services						Total	
	Total Brought Forward	Jewish Federation and Foundation	Federation Manor, Inc.	Total	Management and General	Jewish Federation Fundraising	Jewish Foundation Fundraising	Occupancy	Central Services	Total	2018	2017
Salaries—professional	$ 2,755,331	78,370	–	2,833,701	278,977	237,529	244,658	8,242	706,895	1,476,301	4,310,002	4,079,722
Salaries—program	7,365,241	13,161	–	7,378,402	49,312	36,725	33,669	463,658	157,372	740,736	8,119,138	7,809,662
Employee health and benefits	1,272,759	4,357	–	1,277,116	20,596	21,840	15,122	69,032	124,356	250,946	1,528,062	1,416,199
Payroll taxes	883,978	6,930	–	890,908	20,892	20,420	20,424	41,009	64,296	167,041	1,057,949	1,042,034
Total salaries and related expenses	12,277,309	102,818	–	12,380,127	369,777	316,514	313,873	581,941	1,052,919	2,635,024	15,015,151	14,347,617
Program operating costs	2,766,038	83,453	146,259	2,995,750	52,036	74,214	23,308	16,709	19,817	186,084	3,181,834	2,840,882
Occupancy-allocated	1,112,972	–	–	1,112,972	43,224	6,000	–	(1,162,196)	–	(1,112,972)	–	–
Occupancy-expensed	497,705	8,451	57,671	563,827	–	–	–	737,034	–	737,034	1,300,861	1,187,069
Central services	995,678	–	2,710	998,388	–	160,332	98,604	–	(1,254,614)	(995,678)	2,710	7,734
Professional fees	104,129	75,795	53,033	232,957	7,492	10,705	5,525	43,621	58,900	126,243	359,200	264,878
Mortgage interest	–	–	55,640	55,640	–	–	–	–	–	–	55,640	64,657
Supplies	262,199	589	–	262,788	7,032	4,453	7,543	74,657	100,760	194,445	457,233	471,980
Printing and publications	104,003	5,047	–	109,050	4,508	8,164	7,499	481	5,492	26,144	135,194	119,983
Assistance to organizations	57,699	112,888	–	170,587	–	–	–	–	–	–	170,587	198,001
Local transportation	160,473	36	–	160,509	106	233	398	7,576	45	8,358	168,867	132,422
Assistance to individuals	419,133	130,390	–	549,523	365	–	–	1,707	–	2,072	551,595	559,204
Dues	103,892	64,046	–	167,938	2,066	332	1,349	166	35,349	39,262	207,200	189,230
Postage and shipping	82,655	802	–	83,457	1,489	4,667	3,048	39	1,067	10,310	93,767	70,907
Laundry	21,326	–	–	21,326	–	–	–	–	–	–	21,326	26,086
Conferences and meetings	48,002	2,377	–	50,379	23,860	11,170	4,065	432	1,458	40,985	91,364	61,733
Telephone	14,186	–	–	14,186	1,438	–	–	456	–	1,894	16,080	11,830
Miscellaneous	110,854	29,761	–	140,615	5,729	1,440	2,228	202	80	9,679	150,294	174,369
Total expenses before depreciation	19,138,253	616,453	315,313	20,070,019	519,122	598,224	467,440	302,825	21,273	1,908,884	21,978,903	20,728,582
Depreciation	1,911,788	–	19,132	1,930,920	27,763	–	–	–	–	27,763	1,958,683	1,874,732
Total expenses	$ 21,050,041	616,453	334,445	22,000,939	546,885	598,224	467,440	302,825	21,273	1,936,647	23,937,586	22,603,314
2017 Total expenses	$ 19,913,073	534,522	455,192	20,902,787	431,016	504,551	549,536	144,341	71,083	1,700,527		22,603,314

See notes to consolidated financial statements

1) Principles of Consolidation and Summary of Significant Accounting Policies

The following indicates principles of consolidation and provides a summary of significant accounting policies. These policies are in accordance with accounting principles generally accepted in the United States of America.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Jewish Federation of Omaha, Inc. and its affiliated entities, Federation Manor, Inc.; Jewish Federation of Omaha Foundation; and the Pardes Foundation (collectively, the Federation). The Jewish Federation of Omaha, Inc. is a not-for-profit corporation created to provide for the social, educational, and welfare activities of the Jewish Community of Omaha through constituent agencies and supports activities of the national and international Jewish community. Federation Manor, Inc. owns and operates a 52-unit apartment complex for the elderly, funded in part by the U.S. Department of Housing and Urban Development (HUD). The Jewish Federation of Omaha Foundation and the Pardes Foundation are supporting organizations of the Jewish Federation of Omaha, Inc. All significant intercompany balances and transactions have been eliminated.

(b) Basis of Presentation

The Federation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Federation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets:

- *Permanently restricted net assets* - net assets and contributions subject to donor-imposed stipulations that they be maintained permanently by the Federation. Generally, the donors of these assets permit the Federation to use all or part of the income earned on these assets.
- *Temporarily restricted net assets* - net assets and contributions subject to donor-imposed stipulations that can be fulfilled by actions of the Federation and/or by the passage of time.
- *Unrestricted net assets* - net assets and contributions that are not subject to donor-imposed stipulations. Unrestricted net assets also include assets designated for specific purposes by action of the Board of Directors or limited by contractual agreements with outside parties.

(c) Use of Estimates

The preparation of the 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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents representing permanently restricted assets and annuity and life income funds are included in investments.

(e) Investments, Including Investments Limited As To Use

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are measured at fair value based on published or quoted market prices in the statement of financial position with gains and losses included in the statement of activities. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Real estate investments are valued at appraised value. Insurance policies are valued at cash surrender value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Alternative investments, limited liability partnerships and corporations, are valued by management based on net asset value per share that is compiled by fund administrators determined on an accrual basis of accounting. Net asset value per share is determined as follows: (1) securities that are listed on a national securities exchange or traded over the counter and are freely transferable are valued at their last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day quoted by the National Association of Securities Dealers, Inc.'s Automatic Quotation System, or, if not quoted on such system, by one of the principal market makers in such securities; (2) investments in managed accounts or investment partnerships are valued utilizing the most recent relevant information or performance reports of any such managed account or investment partnerships; and (3) all other securities/investments are challenged for reasonableness of the assumptions and methodology used by managers to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions. The Federation maintains pooled investment accounts for its endowment. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest on each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

(f) Resident Accounts Receivable

The Federation reports resident accounts receivable for services rendered at net realizable amounts from third-party payers, residents and others. The Federation provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to residents, the Federation bills third-party payers directly and bills residents when the resident's liability is determined. Resident accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. Resident accounts receivable are recorded with other receivables in the statement of financial position.

(g) Beneficial Interest in Charitable Remainder Trust Assets and Other Split Interest Agreements, net

The Federation has been named the beneficiary of several irrevocable charitable remainder trust agreements in which the Federation will receive certain funds upon termination of each trust. The Federation recognizes contribution revenue for charitable remainder trusts at the present value of the estimated future benefits to be received. The Federation recognizes contribution revenue in the period in which the trusts are established or when they receive notice of the trust's existence. Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the beneficiary, and changes in assumptions during the term of the trust are recognized in the statement of activities as a change in the value of split interest agreements. Upon the death of the beneficiary, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported in the statement of activities as a change in value of split interest agreements.

(h) Property, Buildings, and Equipment, net

Property, buildings, and equipment are recorded at cost. The Federation maintains a capitalization policy of $2,500. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on the following lives:

Land improvements	10 – 15 Years
Buildings and improvements	10 – 50 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 5 Years

Maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets sold or disposed are removed from the accounts, and the resulting gain or loss is included in the statement of activities.

Gifts of long-lived assets such as land, buildings or equipment are reported as contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

The Federation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2018.

(i) Deferred Revenue

Jewish Community Center membership dues and program service fees received in advance are reflected as deferred revenue and recognized ratably as revenue over the period when the related services are rendered.

(j) Custodial Funds

The Federation holds assets in trust for various organizations in a fiduciary capacity. The Federation manages the assets and can only make distributions at the request of the owners. The assets are included in investments and the liabilities are included in custodial funds on the statement of financial position. Custodial funds are listed below:

	2018	2017
Schrager Supporting Foundation	$ 3,683,087	3,149,384
Goldstein Supporting Foundation	6,217,236	3,256,638
Friedel Jewish Academy	161,592	256,805
Murray and Sharee Newman	277,371	255,516
Others	647,452	211,446
Total	$ 10,986,738	7,129,789

(k) Net Resident Service Revenue

The Federation has agreements with third-party payers that provide for payments to the Federation at amounts different from its established rates. Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers and others for services rendered and include estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

(l) Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is treated as cost basis. Conditional promises to give and indications of intentions to give are reported at fair value at the date when the conditions are substantially met and the gift becomes unconditional. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying statement of activities.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using an interest rate commensurate with risk applicable to the years in which the promises are to be received. Amortization of the discounts is included in contribution revenue. Donated property is recorded at fair market value on the date it is received or pledged. It is then carried at the lower of donated or current market value.

(m) Functional Expenses

The costs of providing the various programs or activities of the Federation have been summarized on a functional basis in the statement of functional expenses. Certain expenses, such as accounting and central services, occupancy, and depreciation, are systematically allocated to the individual agencies and programs benefited.

(n) Contributions to Not-for-Profit Organizations

The Federation makes contributions to synagogues and Jewish entities, awards various scholarships, and provides support to needy individuals. The Federation also makes contributions to the Jewish Federation of North America and other not-for-profit organizations. These contributions to individuals and organizations are recognized as expense in the period made.

(o) Concentration of Credit Risk

Financial instruments that potentially subject the Federation to the concentration of credit risk include cash and cash equivalents, investments, and contributions receivable. Investments and cash and cash equivalents are managed within guidelines established by the Board of Directors which, as a matter of policy, limit the amounts that may be invested with one issuer. Concentrations of credit risk with respect to contributions receivable are limited since amounts are due from a number of individual donors or corporations.

Cash and cash equivalents may include deposits in excess of Federal Deposit Insurance Corporation limits. Management has employed cash management strategies that spread cash deposits across multiple financial institutions to reduce exposure to FDIC limitations. Management believes the risks related to these deposits are minimal.

(p) Income Taxes

The Federation is a not-for-profit corporation as described in Section 501(c)(3) of the Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In 2015, the Federation realized certain income which the Internal Revenue Service considers to be unrelated business income subject to income tax. For the years ended June 30, 2018 and 2017, $12,200 and $62,800 respectively, is recorded as a tax liability and included within accrued expenses in the statement of financial position. The Internal Revenue Service has established standards to be met to maintain the Federation's tax-exempt status.

The Federation accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes*. The Federation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At June 30, 2018 and 2017, the Federation had no uncertain tax positions accrued.

The Federation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Federation believes it is no longer subject to income tax examinations for years prior to 2014.

(q) Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

(r) Comparative Amounts

The amounts shown for 2017 in the accompanying financial statement are included to provide a basis for comparison with 2018, and are not intended to present all information necessary for a fair presentation of the 2017 financial statements in conformity with accounting principles generally accepted in the United States of America.

(s) Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new standard changes presentation and disclosure requirements with the intention of helping not-for-profits provide more relevant information about their resources – and the changes in those resources – to donors, grantors, creditors, and other financial statement users. This ASU will be effective for the Federation for fiscal years beginning after December 15, 2017. The Federation is currently evaluating the effect that the standard will have on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Federation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Federation is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

(t) Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 reporting format. These reclassifications had no effect on change in net assets.

(u) Subsequent Events

The Federation considered events occurring through November 30, 2018 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

2) Investments, Including Investments Limited As To Use

Fair Value Measurements

The Federation applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Federation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through either corroboration or observable market data.
- Level 3 inputs are unobservable inputs for the asset or liability through either corroboration or observable market data.

The financial statements as of and for the year ended June 30, 2018 do not include any nonrecurring fair value measurements relating to assets and liabilities for which the Federation has adopted the provisions of ASC Topic 820.

The following methods and assumptions were used to estimate the fair value for each financial instrument measured at fair value. There have been no significant changes in the valuation techniques during the year ended June 30, 2018.

Investment Securities: The fair value of investment securities including equity or bond funds, common stock, money market funds, U.S. government bonds, State of Israel bonds, and corporate bonds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Securities valued based on market prices provided by recognized broker dealers are classified with Level 2. Market prices provided by these broker dealers are based on inputs such as market-based or independently sourced market parameters including but not limited to yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.

Alternative Investment – Chicago PEP: The fair value of the Federation's investment position in the alternative investment – Chicago PEP is based on the Federation's percentage ownership of the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). A portion of the underlying net assets of the Chicago PEP are comprised of readily marketable securities which are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for these investments existed. There are no unfunded commitments related to this investment.

Alternative Investments – Jewish Community Endowment Pool (Boston JCEP): The fair value of the Federation's investment position in the alternative investment – Boston JCEP is based on the Federation's percentage ownership of the total pool of the Jewish Community Endowment Pool. A portion of the underlying net assets of the Boston JCEP are comprised of readily marketable securities which are valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. A portion of underlying investments are non-marketable securities whose fair values have been estimated by management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for these investments existed. There are no unfunded commitments related to this investment.

Alternative Investment – Other: The fair value of other alternative investments is the reported ownership percentage of underlying assets within the equity limited partnership as valued based on observable quoted market prices. There are no unfunded commitments related to this

The following table presents the balance of investment securities measured at fair value on a recurring-basis at June 30, 2018 and 2017:

	2018				
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
Money market funds	$ 3,700,609	3,700,609	3,700,609	--	--
Vanguard - Balanced Fund	25,994,296	26,479,914	26,479,914	--	--
Sequoia Fund, Inc. - Long Term Growth	1,830,428	1,883,988	1,883,988	--	--
State of Israel bonds	998,923	989,023	989,023	--	--
Common stocks	843,294	1,692,240	1,692,240	--	--
Corporate bonds	3,008,343	2,882,597	--	2,882,597	--
U.S. government bonds	3,967	4,088	--	4,088	--
Alternative investment - Chicago PEP	16,924,894	26,538,916	--	--	26,538,916
Alternative investment - Boston JCEP	22,738,861	26,902,295	--	--	26,902,295
Alternative investment - Other	826,899	2,665,872	--	2,665,872	--
	$ 76,870,514	93,739,542	34,745,774	5,552,557	53,441,211
Investments - Other:					
Investment in brokered CDs		1,748,512			
Insurance cash value		305,157			
Total investments		$ 95,793,211			

	2017				
		Fair Value			
	Cost	Total	Level 1	Level 2	Level 3
Money market funds	$ 2,139,304	2,139,304	2,139,304	--	--
Vanguard - Balanced Fund	22,220,576	23,025,582	23,025,582	--	--
Bond funds	1,107,472	1,099,819	1,099,819	--	--
Common stocks	843,294	1,528,200	1,528,200	--	--
Corporate bonds	3,333,089	3,324,588	--	3,324,588	--
U.S. government bonds	65,573	64,983	--	64,983	--
Alternative investment - Chicago PEP	15,824,894	23,568,940	--	--	23,568,940
Alternative investment - Boston JCEP	19,838,861	22,470,873	--	--	22,470,873
Alternative investment - Other	732,687	2,030,721	--	2,030,721	--
	$ 66,105,750	79,253,010	27,792,905	5,420,292	46,039,813
Investments - Other:					
Investment in brokered CDs		1,442,860			
Insurance cash value		290,604			
Total investments		$ 80,986,474			

Investments include amounts limited as to use by donor agreements as well as internally designated by the Board of Directors. The following is a summary of investments by limitation as of June 30, 2018 and 2017:

	2018	2017
By donor agreement -		
Custodial funds	$ 10,954,719	7,106,469
Endowments	25,844,446	21,318,785
Restricted-non endowment	708,420	668,276
Donor advised funds	25,669,901	21,445,030
Total by donor agreement	63,177,486	50,538,560
By Board designation -		
Endowment funds (Quasi)	2,044,908	1,965,461
Campus funds	2,069,008	1,877,312
Agencies	15,898,204	14,658,830
Scholarships	108,229	105,309
Discretionary	2,119,404	1,763,331
Total by Board designation	22,239,753	20,370,243
Total investments limited as to use	85,417,239	70,908,803
Unrestricted - Operations	3,326,686	3,037,874
Unrestricted - Agency specific use	7,049,286	7,039,797
Total investments, including investements limited as to use	$ 95,793,211	80,986,474

Reconciliation of Level 3 assets for the years ended June 30, 2018 and 2017:

	Alternative Investment - Chicago PEP	Alternative Investment - Boston JCEP	Total
Balance June 30, 2016	$ 43,672,815	19,300,432	62,973,247
Additions	--	1,000,000	1,000,000
Withdrawals	(23,000,000)	--	(23,000,000)
Realized gain	6,850,599	--	6,850,599
Unrealized gain (loss)	(3,954,474)	2,170,441	(1,784,033)
Balance June 30, 2017	23,568,940	22,470,873	46,039,813
Additions	1,100,000	2,900,000	4,000,000
Unrealized gain	1,869,976	1,531,422	3,401,398
Balance June 30, 2018	$ 26,538,916	26,902,295	53,441,211

A summary of Federation alternative investments as of June 30, 2018 and 2017 is as follows:

		2018 Fair Value	2017 Fair Value	Unfunded Commitments	Redemption Frequency and Redemption Notice
Alternative investments -					
Chicago PEP (a)	$	26,538,916	23,568,940	None	See (a) below
Boston JCEP (b)		26,902,295	22,470,873	None	See (b) below
Other (c)		989,023	2,030,721	None	See (c) below

Description of Investment Securities with Liquidation Restrictions

The Federation is invested in the Sequoia Fund, Inc. (Sequoia) as of June 30, 2018. Withdrawals and contributions are permitted on any day the Market is open. Sequoia has adopted a policy under which Sequoia may limit cash payments in connection with redemption requests to $250,000 during any ninety day period. As a result, Sequoia may pay the Federation in securities or partly in securities if the amount of Sequoia shares that the Federation redeems is more than $250,000.

Description of Alternative Investments

a) Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC. (Chicago PEP) – On January 1, 2009 the Federation initiated an investment position in the Jewish Federation of Metropolitan Chicago Endowment Portfolio. This investment position was not independently incorporated from the Jewish Federation of Metropolitan Chicago nor was it a disjointedly managed partnership, but a separate division within that organization holding a portfolio of investments. On July 1, 2011 the Jewish Federation of Metropolitan Chicago transferred its endowment portfolio to a newly formed limited liability company, the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (Chicago PEP). The Federation, along with other divisions within the Jewish Federation of Metropolitan Chicago, other Chicago based Jewish charities, and other unrelated Jewish Federations across the United States, shares in the investment performance of the portfolio based on its percentage of ownership of the Chicago PEP. The Jewish Federation of Metropolitan Chicago is the manager of the Chicago PEP.

   Contributions to and withdrawals from the Chicago PEP are allowed monthly. Withdrawals of more than 40% of the investor's asset position are paid in an amount equal to 50% of the redemption request within 60 days of the redemption date. Of the remaining balance, 50% is paid on the next anniversary date and the remaining balance paid at varying percentages over next five anniversary dates. Redemptions can be suspended during any period when the redemption of capital would not be reasonable or practicable or would be prejudicial to the non-redeeming Members, at the sole discretion of Chicago PEP manager. The Chicago PEP can be dissolved at any time, at the sole discretion of Chicago PEP manager.

The Chicago PEP invests in many investment fund types that involve public and private funds, partnerships and limited liability corporations. In addition to the risks normally associated with investing activities, many of the investments are alternative investments, including hedge funds, with a variety of related risks and liquidity attributes potentially impacted by underlying lock up restrictions and counterparty credit risks. Valuations depend upon net asset values per share as compiled by management of the hedge funds. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. The estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for investments existed. In addition, as an indirect beneficiary, the Federation does not have direct ownership in the underlying assets limiting the ability to independently verify value, assess risk or liquidate investment positions. Since the manager of the Chicago PEP is the Jewish Federation of Metropolitan Chicago, the Federation's investment could also be exposed to risks associated with actions of the Jewish Federation of Metropolitan Chicago.

b) Jewish Community Endowment Pool (Boston JCEP) – On March 1, 2012, the Federation initiated an investment position in the Jewish Community Endowment Pool. (Boston JCEP) The Boston JCEP is organized as a limited liability partnership. The Federation, along with other nonprofit corporations, shares in the investment performance of the pool based on its relative investment balance. Contributions to and withdrawals from the pooled endowment portfolio are allowed with written consent of other partners in the pool. Withdrawal of the entire investor's asset position requires 92 days advance notice. In the event of such a withdrawal, the partnership reserves the right to delay distribution if necessary to liquidate partnership investments.

The Boston JCEP invests in many investment fund types that involve public and private funds, partnerships and limited liability corporations. Valuations depend upon net asset values per share as compiled by management of the hedge funds. A portion of underlying investments are non-marketable securities whose fair values have been estimated by the management and/or administrators of the underlying private investment companies. These estimated fair values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for investments existed. In addition, as an indirect beneficiary, the Federation does not have direct ownership in the underlying assets limiting the ability to independently verify value, assess risk or liquidate investment positions.

c) Alternative Investments – Other – The Federation is invested in an equity limited partnership as of June 30, 2018 and 2017. This partnership's investments in securities are highly concentrated in a limited number of publicly traded U.S. common stocks. The substantial size of these positions could affect the partnerships ability to sell the investments without affecting market price which could affect liquidity and/or sales price. Liquidity of this investment is also affected by withdrawal restrictions, limiting withdrawals to semi-annual distributions.

Unrealized Gains and Losses

The following is a reconciliation of unrealized gains (losses) for the years ended June 30, 2018 and 2017:

	2018	2017
Net unrealized gains at beginning of year	$ 13,148,384	13,707,315
Net unrealized gains at end of year	16,869,028	13,148,384
Total change in unrealized gains (losses)	3,720,644	(558,931)
Change attributable to custodial funds	(870,571)	(190,918)
Net change in unrealized gains (losses)	$ 2,850,073	(749,849)

3) Endowment

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds.

Federation endowments consist of funds established to invest permanently restricted donations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments and beneficial interest in trust assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted NUPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends and net appreciation or depreciation of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of net assets by type of endowment fund as June 30, 2018 and 2017 was:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ 2,192,731	4,102,849	19,548,866	25,844,446
Board-designated endowment funds (Quasi)	2,044,908	--	--	2,044,908
Net assets, end of year	$ 4,237,639	4,102,849	19,548,866	27,889,354

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ 1,507,597	4,203,006	15,608,182	21,318,785
Board-designated endowment funds (Quasi)	1,965,461	--	--	1,965,461
Net assets, end of year	$ 3,473,058	4,203,006	15,608,182	23,284,246

The following tables present the changes in endowment balances for the years ended June 30, 2018 and 2017:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets, beginning of year	$ 3,473,058	4,203,006	15,608,182	23,284,246
Investment return -				
Investment income	14,266	226,535	17,764	258,565
Net realized gain	1,575	13,845	1,630	17,050
Net unrealized gain	102,521	794,034	117,388	1,013,943
Total investment return	118,362	1,034,414	136,782	1,289,558
Appropriations for expenditures	119,312	(1,146,046)	--	(1,026,734)
Reclassifications due to change in restrictions	433,875	(1,884)	(431,991)	--
Contributions	93,032	13,359	4,235,893	4,342,284
Net assets, end of year	$ 4,237,639	4,102,849	19,548,866	27,889,354

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets, beginning of year	$ 2,514,685	3,518,215	14,770,819	20,803,719
Investment return -				
Investment income	3,132	125,982	3,562	132,676
Net realized gain	191,939	1,511,000	192,517	1,895,456
Net unrealized loss	(23,124)	(300,672)	(28,646)	(352,442)
Total investment return	171,947	1,336,310	167,433	1,675,690
Appropriations for expenditures	783,084	(1,421,269)	--	(638,185)
Reclassifications due to change in restrictions	--	--	(134,061)	(134,061)
Contributions	3,342	769,750	803,991	1,577,083
Net assets, end of year	$ 3,473,058	4,203,006	15,608,182	23,284,246

At June 30, 2018 and 2017, the Federation had appropriated temporarily restricted endowment assets in excess of available earnings from the endowed funds in the cumulative amount of $135,831 and $463,167, respectively.

See Note 9 for a summary of net assets by restriction.

Return Objectives and Risk Parameters

The Federation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the Board, the endowment assets are invested in a manner that seeks to maximize total returns over long periods of time primarily through capital appreciation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved primarily through asset portfolios managed by professional investment management staff of the Chicago PEP and the Boston JCEP and assets purchased on the advice of other investment experts.

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Federation preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Investment income and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when available to be spent.

This spending policy does not apply if the donor otherwise defines or restricts the spendable income of a specific fund. Most of the Federation's endowment funds have donor specified restrictions.

The current policy sets the payout rate at 5.25% of the market value based on the average of the previous 16 quarters. For most endowment funds this rate is applied after shifting 15% of investment income and net appreciation or depreciation to the permanent endowment, according to the donor agreement. The payout rate is 4% in the case of endowment funds for which the Federation considers it prudent to limit distributions in compliance with its NUPMIFA responsibilities. The rate is reviewed annually and, if adjusted, is done so by the Jewish Federation of Omaha Foundation Board of Directors upon recommendation of the Jewish Federation of Omaha Foundation Investment Committee.

Earnings in excess of the payout are used to grow the fund over time and provide a hedge against inflation. Unspent dollars remain available for use in future years.

4) Pledges Receivable

At June 30, 2018 and 2017, the pledges receivable are stated at net present value discounted at 5.11% as follows:

	2018	2017
Unconditional promises to give before unamortized discount and allowance for doubtful accounts	$ 2,151,515	2,255,999
Less unamortized discount	12,400	14,553
Subtotal	2,139,115	2,241,446
Less allowance for doubtful accounts	78,667	91,730
Net unconditional promise to give	$ 2,060,448	2,149,716

Unconditional promises to give at June 30, 2018 are expected to be received in the following periods:

June 30th	2018
2019	$ 2,095,815
2020	2,800
2021	2,900
2022	--
2023	--
2024	50,000
	$ 2,151,515

5) Property, Buildings, and Equipment, net

Property, buildings, and equipment consist of the following as of June 30, 2018 and 2017:

	2018	2017
Land and land improvements	$ 2,347,134	2,102,625
Buildings and improvements	47,027,521	42,079,040
Equipment	4,085,979	3,439,494
Furniture and fixtures	2,515,117	2,441,284
Vehicles	280,244	312,109
Construction in progress	1,773,094	359,787
	58,029,089	50,734,339
Less accumulated depreciation	31,477,364	29,555,060
	$ 26,551,725	21,179,279

Construction in progress at June 30, 2018 includes costs incurred for a JCC Capital Campus Project. The initial first phase of the project, composed of an outdoor pool, renovation of the fitness center, and landscaping and painting of the exterior. Phase one of the project was substantially complete by June 30, 2018 at a cost of approximately $5,500,000. See note 12 for additional information.

6) Mortgage Payable

The liabilities of Federation Manor, Inc. include a mortgage payable to HUD that bears interest at 9.25% and is due in monthly installments of $13,173, including interest, through September 2022. The note is collateralized by the Federation Manor, Inc.'s property and equipment. Scheduled maturities of mortgage payable in each of the next five years are as follows:

2019	$	111,505
2020		122,268
2021		134,070
2022		147,011
2023		38,896
	$	553,750

7) Retirement Plan

The Federation provides all eligible employees with a tax-sheltered annuity that can be used for retirement. The Federation makes contributions up to an amount equal to 5% of the employees' wages. Retirement plan costs were $360,235 and $352,237 for the years ended June 30, 2018 and 2017, respectively.

8) Risk Management

The Federation is subject to various risks of loss related to general and professional service liability, cybercrime and property and workers' compensation exposures. The Federation has purchased commercially available indemnity insurance to cover these risks. The deductible amounts for this insurance are immaterial to the Federation.

The Federation is involved in litigation arising in the normal course of business. After consulting with legal counsel, management estimates these matters will be resolved without material adverse effect on the Federation's future financial position or results from operations.

9) Net Asset Balances

Permanently restricted net assets consist of endowments with donor restrictions that stipulate resources be maintained permanently, but permit the Federation to expend part or all of the income (or other economic benefits) derived from the donated assets for various purposes:

	2018	2017
Endowments	$ 19,548,866	15,608,182
Beneficial interest in charitable remainder trust assets and other split interest agreements, net	2,194,371	2,061,280
	$ 21,743,237	17,669,462

Temporarily restricted net assets are restricted for the following as of June 30, 2018 and 2017:

	2018	2017
Endowments	$ 4,102,849	4,203,006
Restricted-non endowments	589,725	483,037
JCC Project	1,030,630	--
	$ 5,723,204	4,686,043

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were $1,211,178 and $1,889,191 for the years ended June 30, 2018 and 2017, respectively.

Unrestricted net assets consist of the following at June 30, 2018 and 2017:

	2018	2017
Undesignated	$ 27,743,573	23,080,499
Donor advised	25,669,901	21,445,030
Designated by the board	20,194,843	18,404,780
Unrestricted Foundation assets	7,049,286	7,039,797
Annual campaign	2,019,066	2,077,135
Board-designated endowment funds (Quasi)	2,044,908	1,965,461
Endowments	2,192,731	1,507,597
	$ 86,914,308	75,520,299

Net assets designated by the Board are considered unrestricted and consist of the following components as of June 30, 2018 and 2017:

		2018	2017
Rose Blumkin Jewish Home	$	11,465,117	10,349,492
Federation		3,465,973	3,350,025
Discretionary		2,084,896	1,729,027
Campus funds		2,069,008	1,877,310
JSO		735,499	727,543
Youth/scholarship funds		108,229	105,309
Foundation		95,256	126,460
JCC		82,445	52,113
Press		48,769	48,027
Agency custodial		32,556	30,944
JFS		5,143	5,170
Multi-purpose/other		1,952	3,360
	$	20,194,843	18,404,780

10) Medical Malpractice Coverage and Claims

The Federation carries a professional liability policy (including malpractice) as well as an umbrella policy which provides professional liability coverage. These policies provide coverage on a claims made basis covering only the claims which have occurred and are reported to the insurance company while the coverage is in force. The Federation could have exposure on possible incidents that have occurred for which claims will be made in the future, should professional liability insurance not be obtained or should coverage be limited and/or not available.

Accounting principles generally accepted in the United States of America requires a healthcare provider to recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur. The Federation does evaluate all incidents and claims along with prior claim experienced to determine if a liability is to be recognized. For the years ending June 30, 2017 and 2016, management determined no liability should be recognized for asserted or unasserted claims. Management is not aware of any such claim that would have a material adverse impact on the accompanying financial statements.

11) Related Party Transactions

The Federation receives contributions from related parties including board members and employees, throughout the year. These contributions are used to help fund the Federation's mission. For the years ended June 30, 2018 and 2017, related party contributions were approximately $1,515,740 and $766,000 respectively.

12) Subsequent Events

Construction in progress at June 30, 2018 includes costs incurred for a JCC Capital Campus Project. The initial first phase of the project, composed of an outdoor pool, renovation of the fitness center, and landscaping and painting of the exterior was substantially complete by June 30, 2018. Total cost for the outdoor pool and additional phases related to the fitness facility and exterior of the building is $7,500,000. Funding for this phase of the project has been pledged from four lead donors. Additional phases of the Campus Project updating other components of the Campus are planned with additional funding commitments received of approximately $2,000,000. Three lead donors have reiterated their intention to fund the remaining $7,500,000 once sufficient funding commitments have been received and project plans finalized. Intentions to give of $1,600,000 have been received from an additional 21 donors.

SUPPLEMENTAL DATA

Schedule 1

JEWISH FEDERATION OF OMAHA, INC.
Unrestricted Current Fund—
Program Revenue by Program Service
For the Year Ended June 30, 2018
With Comparative Totals for 2017

		Jewish Federation	Jewish Community Center	Rose Blumkin Jewish Home	Jewish Family Services	Community Engagement and Education	Jewish Senior Outreach	Jewish Press	Community Relations Committee	Federation Manor, Inc.	Total 2018	Total 2017
Elderly resident fees	$	--	--	5,385,928	--	--	--	--	--	--	5,385,928	5,136,873
Federal and state						--						
old age assistance		--	--	5,307,051	--	--	--	--	--	--	5,307,051	5,006,006
Program services		295,825	3,248,272	1,270	113,180	74,139	295,372	--	13,227	7,437	4,048,722	3,732,595
Membership dues		--	2,458,113	--	--	--	--	--	--	--	2,458,113	2,286,650
Advertising		--	--	--	--	--	--	175,592	--	--	175,592	226,577
Miscellaneous		16,376	22,494	38,470	--	5,723	--	14,117	--	--	97,180	89,170
Rental income		58,559	60,255	9,000	--	--	4,000	1,000	--	511,810	644,624	641,538
	$	370,760	5,789,134	10,741,719	113,180	79,862	299,372	190,709	13,227	519,247	18,117,210	17,119,409
2017 Totals	$	268,668	5,454,468	10,181,132	143,531	8,230	276,245	242,701	17,425	527,009		17,119,409