BENDER JCC OF GREATER WASHINGTON

Financial Statements

For the Year Ended June 30, 2016
(With Summarized Financial Information for the Year Ended June 30, 2015)

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Bender JCC of Greater Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the Bender JCC of Greater Washington (the Center), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bender JCC of Greater Washington as of June 30, 2016, 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 Center's 2015 financial statements, and our report dated January 19, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
January 18, 2017

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Summarized Financial Information as of June 30, 2015)

	2016	2015
ASSETS		
Cash	$ 2,872,146	$ 2,399,475
Accounts receivable, net	22,258	12,043
Grants and contributions receivable, net	9,104,463	5,234,586
Prepaid expenses	190,112	199,539
Investments held for long-term purposes	8,071,191	8,518,533
Assets held for employee benefits	18,893	-
Property and equipment, net	13,165,079	7,682,230
Bond issuance costs	209,757	-
TOTAL ASSETS	$ 33,653,899	$ 24,046,406
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,710,085	$ 1,795,685
Deferred revenue	2,040,329	1,886,024
Notes payable	6,380,156	2,049,278
Capital lease obligations	70,504	98,434
Deferred compensation	18,893	-
Accrued pension obligation	4,932,388	3,133,061
TOTAL LIABILITIES	15,152,355	8,962,482
Net Assets		
Unrestricted		
Undesignated	4,800,892	1,086,160
Board designated	703,554	693,460
Total Unrestricted Net Assets	5,504,446	1,779,620
Temporarily restricted	6,215,216	6,884,915
Permanently restricted	6,781,882	6,419,389
TOTAL NET ASSETS	18,501,544	15,083,924
TOTAL LIABILITIES AND NET ASSETS	$ 33,653,899	$ 24,046,406

The accompanying notes are an integral part of these financial statements.

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016
(With Summarized Financial Information for the Year Ended June 30, 2015)

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
Program fees	$ 5,802,293	$ -	$ -	$ 5,802,293	$ 5,740,851
Membership dues	2,213,765	-	-	2,213,765	2,250,184
Contributions	284,201	5,174,509	362,493	5,821,203	3,647,838
Grants	2,431,686	302,248	-	2,733,934	788,611
Jewish Federation of Greater Washington, Inc. award	700,377	83,525	-	783,902	783,289
Special events:	572,766	-	-	572,766	575,948
Less: Direct benefit costs	(72,002)	-	-	(72,002)	(73,794)
Special events revenue, net	500,764	-	-	500,764	502,154
Other income	319,375	-	-	319,375	323,367
Investment income (loss), net	9,916	(187,502)	-	(177,586)	77,874
Sales, gross	38,504	-	-	38,504	75,923
Less: Cost of goods sold	(26,764)	-	-	(26,764)	(62,038)
Gross profit	11,740	-	-	11,740	13,885
Net transfers reflecting the fiscal year 2016 deficiency in donor-restricted endowments	(114,930)	114,930	-	-	-
Net assets released from restrictions:					
Satisfaction of time restrictions	104,903	(104,903)	-	-	-
Satisfaction of purpose restrictions	5,634,756	(5,634,756)	-	-	-
Appropriation of endowment income	417,750	(417,750)	-	-	-
TOTAL REVENUE AND SUPPORT	18,316,596	(669,699)	362,493	18,009,390	14,128,053
EXPENSES					
Program Services:					
Health and wellness	3,775,301	-	-	3,775,301	3,566,014
Early childhood	2,755,904	-	-	2,755,904	2,619,962
Camp, youth and teens	2,303,502	-	-	2,303,502	2,102,502
Adult services	1,535,410	-	-	1,535,410	1,405,993
Special needs	532,939	-	-	532,939	517,202
Total Program Services	10,903,056	-	-	10,903,056	10,211,673
Supporting Services:					
Management and general	1,314,973	-	-	1,314,973	1,285,611
Fundraising	764,729	-	-	764,729	824,069
Total Supporting Services	2,079,702	-	-	2,079,702	2,109,680
TOTAL EXPENSES	12,982,758	-	-	12,982,758	12,321,353
Change in net assets before unrecognized actuarial gain (loss) on pension plan	5,333,838	(669,699)	362,493	5,026,632	1,806,700
Unrecognized actuarial gain (loss) on pension plan	(1,609,012)	-	-	(1,609,012)	313,192
CHANGE IN NET ASSETS	3,724,826	(669,699)	362,493	3,417,620	2,119,892
NET ASSETS, BEGINNING OF YEAR	1,779,620	6,884,915	6,419,389	15,083,924	12,964,032
NET ASSETS, END OF YEAR	$ 5,504,446	$ 6,215,216	$ 6,781,882	$ 18,501,544	$ 15,083,924

The accompanying notes are an integral part of these financial statements.

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016
(With Summarized Financial Information for the Year Ended June 30, 2015)

	Program Services						Supporting Services				
	Health and Wellness	Early Childhood	Camp, Youth and Teens	Adult Services	Special Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2016	Total 2015
EXPENSES											
Staffing costs and benefits	$ 1,586,389	$ 2,020,996	$ 1,211,304	$ 781,579	$ 426,296	$ 6,026,564	$ 820,674	$ 491,727	$ 1,312,401	$ 7,338,965	$ 7,184,152
Occupancy	934,160	242,092	315,979	144,537	21,351	1,658,119	48,543	58,292	106,835	1,764,954	1,708,224
Professional fees	288,413	37,041	108,618	187,963	17,114	639,149	184,636	15,759	200,395	839,544	739,409
Depreciation and amortization	373,262	123,570	111,243	51,421	8,734	668,230	20,348	23,455	43,803	712,033	616,038
Supplies	133,695	168,104	164,926	171,926	11,437	650,088	37,797	16,147	53,944	704,032	540,475
Travel, conferences and meetings	118,795	18,964	195,774	70,188	38,286	442,007	21,729	1,998	23,727	465,734	393,476
Miscellaneous	75,223	46,235	86,722	15,723	2,627	226,530	16,462	37,267	53,729	280,259	298,244
Rental and maintenance of equipment	35,884	16,829	35,599	36,686	2,290	127,288	34,725	52,381	87,106	214,394	224,640
Printing and publications	33,064	4,127	15,443	31,599	22	84,255	13,777	47,167	60,944	145,199	140,643
Financial assistance and scholarships	63,344	43,292	12,341	674	900	120,551	-	-	-	120,551	113,321
Interest expense	81,613	19,548	25,883	12,062	2,050	141,156	4,778	5,511	10,289	151,445	104,579
Membership dues	4,037	157	3,296	2,989	6	10,485	89,571	354	89,925	100,410	101,081
Insurance	37,482	9,085	12,054	8,369	938	67,928	1,933	2,551	4,484	72,412	72,042
Telecommunications	8,111	5,510	6,374	8,496	876	29,367	13,889	2,573	16,462	45,829	35,749
Postage	1,829	783	2,412	11,198	12	16,234	6,111	9,547	15,658	31,892	28,101
(Gain) loss on disposal of equipment	-	(429)	(4,466)	-	-	(4,895)	-	-	-	(4,895)	21,179
TOTAL EXPENSES	$ 3,775,301	$ 2,755,904	$ 2,303,502	$ 1,535,410	$ 532,939	$ 10,903,056	$ 1,314,973	$ 764,729	$ 2,079,702	$ 12,982,758	$ 12,321,353

The accompanying notes are an integral part of these financial statements.

BENDER JCC OF GREATER WASHINGTON

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016
(With Summarized Financial Information for the Year Ended June 30, 2015)
Increase (Decrease) in Cash

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,417,620	$ 2,119,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	705,406	616,038
Amortization of bond issuance costs	6,627	-
(Gain) loss on disposal of equipment	(4,895)	21,179
Allowance for doubtful accounts	12,497	47,697
Discount of contributions to present value	(26,195)	44,139
Net realized and unrealized losses (gains) on investments	314,631	(69,489)
Donated bonds	(280,000)	(306,000)
Contributions restricted for investment in endowment	(362,493)	(58,942)
Changes in assets and liabilities:		
Accounts receivable	(8,362)	6,698
Grants and contributions receivable	(3,858,032)	(1,871,561)
Prepaid expenses	9,427	(20,683)
Accounts payable and accrued expenses	(85,600)	863,473
Deferred revenue	154,305	98,483
Deferred compensation liability	18,893	-
Accrued pension obligation	1,799,327	(178,190)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,813,156	1,312,734
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,517,918	2,812,008
Purchases of investments	(1,105,207)	(2,422,857)
Purchases of property and equipment	(6,176,070)	(1,038,951)
Purchases of assets held for employee benefits	(18,893)	-
NET CASH USED IN INVESTING ACTIVITIES	(5,782,252)	(649,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	362,493	58,942
Principal payments on notes payable	(2,110,105)	(44,090)
Proceeds from notes payable	6,440,983	-
Repayments on capital lease obligations	(35,220)	(24,436)
Bond issuance costs	(216,384)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,441,767	(9,584)
NET INCREASE IN CASH	472,671	653,350
CASH, BEGINNING OF YEAR	2,399,475	1,746,125
CASH, END OF YEAR	$ 2,872,146	$ 2,399,475
SUPPLEMENTAL CASHFLOW INFORMATION		
Actual cash payment for interest	$ 151,445	$ 104,579
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired under capital lease	$ 7,290	$ 86,526
Capital lease obligation	$ (7,290)	$ (86,526)
Donated bonds	$ 280,000	$ 306,000
Additions to property and equipment in accounts payable	$ -	$ 624,711

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Bender JCC of Greater Washington (the Center) is a nonprofit organization that provides health, welfare and cultural benefits to the members of the Jewish community and the Washington, DC metropolitan area.

Effective July 26, 2016, the Jewish Community Center of Greater Washington changed its legal name to the Bender JCC of Greater Washington.

Investments

Investments consist of an interest in the United Jewish Endowment Fund, a pooled fund maintained by the Jewish Federation of Greater Washington; equity and fixed-income mutual funds; fixed income funds; an equity exchange-traded fund, State of Israel bonds; money market funds and cash held for investment purposes. These investments are recorded at fair value in the accompanying statement of financial position.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful service lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining lease term. Capital leased assets are recorded at cost and are amortized using the straight-line method over the life of the lease. Assets held during construction are stated at cost and are not depreciated until the asset is completed, at which time the asset is transferred to leasehold improvements. Expenditures for major additions, renewals and betterments are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses. The Center capitalizes property and equipment with a cost of $5,000 or more.

Bond Issuance Costs

The cost of issuance of the tax-exempt bond consists of underwriters' fees, attorneys' fees and other costs. The bond issuance costs are being amortized on a straight-line basis over the 15-year term of the bond.

Revenue Recognition

Program fees are deferred upon receipt and recognized as revenue in the period in which the related program is held. Discounts are provided to members and the general public based upon volume purchases and other marketing promotions. Discounts on registrations are also provided to staff of the Center and range from 15% to 50%. Program fees are reported net of such discounts. Discounts for the year ended June 30, 2016 for members, the general public and staff totaled $277,050.

Membership dues are recognized as revenue in the period to which the dues relate. Dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statement of financial position.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Unrestricted contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made.

Special events revenue is recognized in the period in which the events take place.

The Center does not record contributions of works of art and similar assets held for public exhibition and education which are on loan to the Center for display for various time periods.

Contributed Services

Donated services are recorded at fair value if they create or enhance a nonfinancial asset or require specialized skills that the providers possess and that normally would have to be purchased. The estimated fair value of donated services was $8,458 for the year ended June 30, 2016, and is included in contributions revenue in the accompanying statement of activities. Donated services for the year ended June 30, 2016 were comprised of accounting and legal services.

Fair Value Measurements

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, the Center has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.

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

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of June 30, 2016, the Center's investments, the investments of the Center's defined benefit plan, the assets held for employee benefits and the deferred compensation liability as described in Notes 2 and 9 of these financial statements were measured at fair value on a recurring basis and subject to the disclosure requirements of the fair value measurements and disclosures topic of the ASC.

Classification of Net Assets

The net assets of the Center are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Center's operations. Portions of unrestricted net assets have been designated by the Center's Board of Directors. Such funds can only be expended with Board approval.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate the resources be maintained in perpetuity and that only the investment earnings on such amounts be used in the manner specified by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated proportionately among the programs and supporting services based on management's estimates of shared costs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

2. Investments

Investments consisted of the following at June 30, 2016:

Pooled fund of the United Jewish Endowment Fund	$ 4,069,236
Mutual funds	2,243,722
State of Israel bonds	729,485
Money market funds	519,019
Fixed income funds	367,393
Exchange traded funds	123,102
Common stocks	10,245
Cash	8,989
Total investments	$ 8,071,191

A summary of the return on investments, including the interest earned on cash, is as follows for the year ended June 30, 2016:

Interest and dividends	$ 137,045
Realized gains, net	2,420
Unrealized loss, net	(317,051)
Total Investment Loss	$ (177,586)

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows at June 30, 2016:

Less than one year	$ 3,090,857
One to five years	5,888,423
Greater than five years	506,000
Subtotal	9,485,280
Less: Discount for Present Value	(256,617)
Less: Allowance for Doubtful Accounts	(124,200)
Grants and Contributions Receivable, Net	$ 9,104,463

The discount rates used to calculate the net present value of multi-year receivables are dependent upon the date the award was received and range from 0.5% to 3%.

Continued

4. Property and Equipment and Accumulated Depreciation and Amortization

The Center held the following property and equipment as of June 30, 2016:

Leasehold improvements	$ 21,273,759
Furniture and equipment	1,750,631
Assets held during construction	867,564
Capital lease	119,945
Total Property and Equipment	24,011,899
Less: Accumulated Depreciation and Amortization	(10,846,820)
Property and Equipment, Net	$ 13,165,079

Depreciation and amortization expense was $705,406 for the year ended June 30, 2016.

The Center is undergoing renovations funded through its Centennial Campaign and a note payable. (See Notes 7 and 5, respectively.) At June 30, 2016, the first phase of renovations was complete, with improvements to the Center's preschool upper level, classrooms and art/dance studios, social hall, gallery, kitchen and family locker rooms. Phase 2 renovations were underway, including the Center's lower level and hallway extension on the upper level, the pools, the adult locker room, and the front playground, which are included in assets held under construction. Renovations are expected to continue through June 2017.

5. Notes Payable and Line of Credit Agreement

In 2011, the Center refinanced a note agreement with a financial institution and entered into a $3,147,165 promissory note. The note had a ten-year term which commenced March 20, 2011. Interest accrued at an annual rate of 4.75% for the first five years. Payments of interest were due monthly. On September 4, 2016, the remaining balance of $1,968,853 was refinanced as stated below.

On June 30, 2016, the Center entered into a tax exempt non-bank qualified loan under the National Jewish Federation Bond Program issued through the Colorado Educational and Cultural Facilities Authority to provide funds for renovations and to refinance the $1,968,853 balance in the 2011 note. The loan was funded on September 4, 2016 in an amount up to $14 million. The maturity date is September 1, 2030 with a renewal on September 1, 2022. A balloon payment will be due at maturity. Interest accrues at an annual fixed rate of 2.569%. The draw period is 24 months during which only interest is due. Following the draw period, interest will continue to be paid monthly with annual principal payments of a minimum amount of $750,000. Principal payments may be paid in advance at any time without penalty. The loan balance as of June 30, 2016 was $6,313,205.

In addition, the financial institution provided the Center with a line of credit for $500,000. Interest on any outstanding balance is payable monthly at a variable rate equal to the U.S. Prime Rate as adjusted daily and with a specified minimum floor of 4.0%. The line of credit is payable upon demand and may be withdrawn at any time by the financial institution. As of June 30, 2016, no amounts have been advanced to the Center under this line of credit.

Continued

5. Notes Payable and Line of Credit Agreement (continued)

Under the loan and the line of credit agreements, the Center must maintain all of its operating accounts with the financial institution, and the Center cannot incur additional debts from other financial institutions in excess of $100,000 without the bank's permission, with the exception of purchase money financing and financing for equipment leases. The financial institution also requires that audited financial statements be submitted to the bank by February 1st of each year. The loan and line of credit are cross-collateralized with a first position lien on the Center's assets, including leasehold improvements and fixtures, as well as a lien on eligible contributions receivable.

In 1998, the Center entered into a 21-year note payable agreement for $297,500 with Montgomery County, Maryland. Under terms of the agreement, monthly installments of principal and interest of $1,650 are due through June 30, 2020. This note bears interest at the rate of 3.00%. As of June 30, 2016, the outstanding principal balance on the note was $66,951.

As of June 30, 2016, future principal payments under these notes, are due as follows:

For the Year Ending June 30,	
2017	$ 14,673
2018	640,970
2019	767,382
2020	768,926
2021	750,000
Thereafter	3,438,205
Total	$ 6,380,156

6. Commitments and Contingencies

Concentration of Credit Risk

The Center maintains its cash with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of June 30, 2016, the Center had approximately $3,300,000 composed of demand deposits, savings accounts and money market accounts, which exceeded the maximum limit insured by the FDIC by approximately $2,700,000. The Center monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash.

As of June 30, 2016, approximately $6,700,000 of the total net grants and contributions receivable balance was due from three donors. This amount represents 74% of the Center's net grants and contributions receivable balance as of June 30, 2016.

6. Commitments and Contingencies (continued)

Operating Lease

The Center leases one of three contiguous properties from the Greater Washington Jewish Community Foundation. The lease commenced in 1969 and has a term of 99 years with an option to renew for an additional 99 years. Under the terms of this lease, the space is rented at $1.00 per year. Additionally, the Center must pay its share of the costs of the maintenance and operations of the property and common areas. The net present value of the donated rent for the lease term was not recognized as the amount, based upon the value of the space at the time of the donation, was not material to the Center's financial statements.

For the year ended June 30, 2016, the Center incurred expenses of $768,565 for maintenance and operating costs related to the space.

7. Net Assets

Board-Designated Net Assets

As of June 30, 2016, the board-designated net assets consist of the Stetson Fund and the Council for the Arts Fund, which totaled $683,650 and $19,904, respectively, and function as endowment funds.

Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and through the passage of time. For the year ended June 30, 2016, net assets released from restrictions were as follows:

Satisfaction of time restrictions, gross	$ 133,939
Less: Appropriation of Endowment Income	(29,036)
Satisfaction of Time Restrictions, net	104,903
Satisfaction of purpose restrictions:	
Centennial Campaign	$ 5,164,777
Adult services	259,771
Special needs	260,742
Early childhood	94,131
Capital campaign	86,037
Camp, youth and teens	49,329
Debt reduction	50,351
Health and wellness	58,332
Total Satisfaction of Purpose Restrictions, Gross	6,023,470
Less: Appropriation of Endowment Income	(388,714)
Total Satisfaction of Purpose Restrictions, Net	5,634,756
Total Appropriation of Endowment Income	417,750
Total Net Assets Released from Restrictions	$ 6157,409

Continued

7. Net Assets (continued)

Temporarily Restricted Net Assets (continued)

As of June 30, 2016, temporarily restricted net assets were available for the following purposes:

Time restricted for use in:	
2017	$ 100,755
Available for endowment appropriation	49,846
Time Restricted, Total	150,601
Centennial Campaign	5,103,767
Adult services	364,291
Special needs	162,041
Early childhood	200,533
Camp, youth and teens	83,406
Debt reduction	75,000
Health and wellness	75,577
Total Temporarily Restricted Net Assets	$ 6,215,216

Permanently Restricted Net Assets

As of June 30, 2016, permanently restricted net assets are dedicated for the following purposes:

Adult services	$ 2,638,686
Special needs	2,331,706
Early childhood	672,895
Camp, youth and teens	562,616
Activities of the Center	471,173
Health and wellness	104,806
Total Permanently Restricted Net Assets	$ 6,781,882

Endowment Funds

The Center's endowment consists of individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

Interpretation of Relevant Law

The original value of all gifts donated to the permanent endowment are classified as permanently restricted. The Center's policy is to preserve the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary.

Continued

7. Net Assets (continued)

Endowment Funds (continued)

Interpretation of Relevant Law (continued)

The Center's Board has interpreted the Maryland enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Center to appropriate for expenditure or accumulate so much of an endowment fund as the Center determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Investment returns on permanently restricted endowments are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings on the permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires an organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. The Center's management has continued to follow its existing spending rate policy, rather than reduce the endowment distribution, because it expects that the individual fund values will be restored with future market appreciation. The cumulative underwater deficiency was $322,533 as of June 30, 2016.

During the year ended June 30, 2016, certain individual endowment funds decreased from the previous year's market value. As a result, for the year ended June 30, 2016, unrestricted net assets were decreased and temporarily restricted net assets were increased by $114,930.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as a board-designated fund. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term, and capital market volatility, the Board believes that a moderate risk strategy is prudent. Under this policy, as approved by the Board of Directors, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. The Center expects its endowment funds to provide an average rate of return of approximately 7% to 10% over time. Actual returns in any given year may vary from this amount.

Continued

7. Net Assets (continued)

Endowment Funds (continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Center has a policy of distributing up to 5.5% of the average fair value of its endowment over the prior three calendar years in which the distribution is planned. In establishing this policy, the Center considered the long-term expected return of its endowment. Accordingly, over the long term, the Center expects the current spending policy to allow its endowment to grow 1.5% to 4.5% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The Center's endowment net asset composition by fund type was as follows as of June 30, 2016:

	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 595,674	$ 6,781,882	$ 7,377,556
Board-designated endowment funds	703,554	-	-	703,554
Total Endowment Net Assets	$ 703,554	$ 595,674	$ 6,781,882	$ 8,081,110

7. Net Assets (continued)

Endowment Funds (continued)

For the year ended June 30, 2016, changes in endowment net assets were as follows:

	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 693,460	$ 1,089,859	$ 6,419,389	$ 8,202,708
Investment returns:				
Investment income	9,824	123,641	-	133,465
Net depreciation realized and unrealized	(933)	(315,006)	-	(315,939)
Total Investment Return (Loss)	8,891	(191,365)	-	(182,474)
Investment fees	-	(22,520)	-	(22,520)
Contributions	1,203	-	362,493	363,696
Transfers	-	114,930	-	114,930
Appropriations for expenditure	-	(395,230)	-	(395,230)
Endowment Net Assets, End of Year	$ 703,554	$ 595,674	$ 6,781,882	$ 8,081,110

Permanently restricted net assets:

The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 6,781,882

Temporarily restricted net assets:

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
Without purpose restrictions	$ 49,846
With purpose restrictions	545,828
Total endowment funds classified as temporarily restricted net assets	$ 595,674

Continued

8. Fair Value Measurements

The following table summarizes the Center's assets and liabilities, which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level within which those measurements were made.

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Pooled fund of the United Jewish Endowment Fund	$ 4,069,236	$ -	$ 4,069,236	$ -
State of Israel bonds	729,485	-	729,485	-
Equity mutual funds:				
Large value	618,948	618,948	-	-
Long/short equity	274,476	274,476	-	-
Emerging markets	210,022	210,022	-	-
Foreign large value	193,127	193,127	-	-
Real assets	131,873	131,873	-	-
World allocation	75,619	75,619	-	-
Foreign small/mid blend	116,575	116,575	-	-
Multi-alternative	90,714	90,714	-	-
Mid cap blend	192,317	192,317	-	-
Total equity mutual funds	1,903,671	1,903,671	-	-
Fixed-income mutual funds:				
Intermediate term	245,613	245,613	-	-
Multi-sector	94,438	94,438	-	-
Total fixed income mutual funds	340,051	340,051	-	-
Fixed-income funds:				
Corporate bonds	160,509	-	160,509	-
Mortgage pools	155,003	-	155,003	-
Agency securities	40,190	-	40,190	-
Municipal bonds	11,691	-	11,691	-
Total fixed income funds	367,393	-	367,393	-

Continued

8. Fair Value Measurements (continued)

(Continued)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. small cap exchange traded funds	$ 123,102	$ 123,102	$ -	$ -
Money market funds	519,019	519,019	-	-
Common stocks	10,245	10,245	-	-
Cash	8,989	8,989	-	-
Total Investments	$ 8,071,191	$ 2,905,077	$ 5,166,114	$ -
Assets held for employee benefits:				
Balance index equity mututal fund	18,893	18,893	-	-
Total Assets	$ 8,090,084	$ 2,923,970	$ 5,166,114	$ -
Liabilities:				
Deferred compensation	$ 18,893	$ 18,893	$ -	$ -
Total Liabilities	$ 18,893	$ 18,893	$ -	$ -

The Center used the following methods and significant assumptions to estimate fair value for its investments recorded at fair value:

Pooled fund of the United Jewish Endowment Fund – This is a pooled fund whose investments include domestic and international equity funds, hedge funds, private equity funds, and real asset funds, which are subject to certain restrictions and generally have no active established trading market. Fair value is determined based on the fund's net asset value (NAV) as provided by the fund's management. The investments managed by the United Jewish Endowment Fund are classified as Level 2 within the valuation hierarchy as 80% of the investment may be redeemed at NAV at the measurement date and the remaining 20% may be redeemed ten days after month end.

State of Israel bonds and fixed-income funds – State of Israel bonds are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2 within the valuation hierarchy. A yield-based matrix system was used to arrive at an estimated market value for the bonds (market valuation approach).

Continued

8. Fair Value Measurements (continued)

Mutual funds, exchange traded funds, common stock and money market funds – Mutual funds, exchange traded funds, common stock and money market funds are classified within Level 1 of the valuation hierarchy as they are valued at readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

Deferred compensation liability – Value is based on the fair value of investments corresponding to the employees' investment selections (see mutual funds above for valuation technique used for the employee's investment selections).

9. Pension Plans

Defined Benefit Plan

The Center has a noncontributory defined benefit retirement plan (the Plan) covering all employees who have worked at least 1,000 hours, completed one year of service and attained the age of 21. Benefits are based on years of credited service and the average of the highest three consecutive years of compensation during the last ten years of service.

The Plan was amended to freeze participation in the Plan to all employees hired after December 31, 2005 and to freeze the benefit accruals for all participants as of June 30, 2007.

The measurement date for the following actuarial information was June 30, 2016.

Obligations and Funded Status

Projected benefit obligation at June 30, 2016	$ 8,266,611
Fair value of Plan assets at June 30, 2016	3,334,223
Funded status	$ (4,932,388)

Because the Plan has been frozen, the accumulated benefit obligation as of June 30, 2016 of $8,266,611 is the same as the projected benefit obligation.

Amounts recognized in the accompanying statement of financial position consist of the following as of June 30, 2016:

Accrued benefit cost	$ (4,932,388)

Items not yet recognized as a component of net periodic pension cost and included in unrestricted net assets as of June 30, 2016 include the following:

Cumulative unrecognized actuarial loss	$ (3,067,212)

The unrecognized actuarial loss was $1,609,012 for the year ended June 30, 2016.

Continued

9. Pension Plans (continued)

Defined Benefit Plan (continued)

The amount of the cumulative unrecognized actuarial loss of $3,067,212 expected to be included in net periodic benefit cost for the year ending June 30, 2016 is $201,520.

Amounts recognized in the accompanying statement of activities consist of the following for the year ended June 30, 2016:

Net periodic benefit cost	$ 190,315

The net periodic benefit cost is included in staffing costs and benefits in the accompanying statement of functional expenses for the year ended June 30, 2016.

Contributions and benefits paid for the year ended June 30, 2016 were as follows:

Employer contributions	$ 258,723
Benefits paid	$ 383,522

Assumptions

Weighted average assumptions used in determining the benefit obligation as of June 30, 2016 and the net periodic benefit cost for the year then ended were as follows:

Discount rate	3.25%
Expected long-term return on Plan assets	5.75%
Rate of compensation increase	N/A

The expected long-term rate of return on Plan assets assumption of 5.75% was developed based on historical returns for the Plan and the Plan's target asset allocation.

Plan Assets

The Center's investment objectives of the Plan's assets are aimed at the growth of capital in excess of inflation with managed risk.

Continued

9. Pension Plans (continued)

Defined Benefit Plan (continued)

Plan Assets (continued)

The Center's Plan assets as of June 30, 2016, by asset category, using the fair value input measurements as outlined in Note 1 to these financial statements, were as follows:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds:				
Long/short equity	$ 370,758	$ 370,758	$ -	$ -
U.S. large cap	623,335	623,335	-	-
Foreign large value	169,389	169,389	-	-
World allocation	84,276	84,276	-	-
Diversified emerging markets	186,516	186,516	-	-
Foreign small/mid blend	99,306	99,306	-	-
Multi-alternative	80,633	80,633	-	-
Real assets	151,887	151,887	-	-
U.S. mid cap blend	110,234	110,234	-	-
Total equity mutual funds	1,876,334	1,876,334	-	-
Fixed-income mutual funds:				
Intermediate term	157,160	157,160	-	-
Multi-sector	122,035	122,035	-	-
Total fixed income mutual funds	279,195	279,195	-	-
Fixed-income securities:				
Corporate bonds	314,202	-	314,202	-
Municipal bonds	345,408	-	345,408	-
Mortgage pools	105,992	-	105,992	-
Agency securities	127,057	-	127,057	-
Total fixed income securities	892,659	-	892,659	-
U.S small cap growth				
Exchange traded fund	168,216	168,216	-	-
Cash and cash equivalents	117,819	117,819	-	-
Total plan assets	$ 3,334,223	$ 2,441,564	$ 892,659	$ -

Continued

9. Pension Plans (continued)

Defined Benefit Plan (continued)

Plan Assets (continued)

The Center used the following methods and significant assumptions to estimate fair value plan assets recorded at fair value.

Mutual funds and exchange traded funds – Mutual funds and exchange traded funds are classified within Level 1 of the valuation hierarchy as they are valued at readily available quoted market prices from an active market where there is significant transparency in the executed/ quoted market price.

Fixed-income securities – Valued based on current yields, the security's terms and conditions, and market activity. Inputs used include market sources, credit information, observed market movement and sector news.

Contributions

Generally, the Center's funding policy is to contribute annually an amount equal to or greater than the actuarially determined minimum funding amount in accordance with ERISA guidelines. In no event, however, will the contribution be in excess of the maximum allowed contribution. There are no contributions expected to be paid to the Plan in fiscal year 2017.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, as of June 30, 2016, are expected to be paid as follows:

For the Year Ending June 30,	
2017	$ 356,796
2018	387,340
2019	397,541
2020	398,407
2021	404,594
2022 - 2026	2,073,187
Total	$ 4,017,865

Defined Contribution Plan

The Center maintains a contributory defined contribution 403(b) retirement plan for all eligible full-time employees. An eligible employee is defined as any employee who has attained 21 years of age and has completed at least one year of service of 1,000 or more hours of service. All employer contributions are discretionary and participants vest in employer contributions after three years. For the year ended June 30, 2016, the Center did not make any employer contributions.

Continued

9. Pension Plans (continued)

Supplemental Executive Retirement Plan

The Center established a Deferred Compensation Plan under Internal Revenue Code (IRC) Sections 457(b), effective December 1, 2015, to provide supplemental benefits to executives whose benefits under the 403(b) are limited by Internal Revenue Service (IRS) compensation limitations. Contributions into the plan are elective and there are no employer matches, therefore, an individual is 100% vested in all contributions at the time of deferral. The fair value of the plan assets was $18,893 as of June 30, 2016.

10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Center is exempt from the payment of taxes on income other than net unrelated business income. The Center reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. For the year ended June 30, 2016 no provision for income taxes was made as the Center had no net unrelated business income and did not identify any uncertain tax positions requiring recognition or disclosure in these financial statements. As of June 30, 2016, the statute of limitations for tax years 2012 through 2015 remains open with the U.S. federal and state jurisdictions in which the Center files tax returns. It is the Center's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

11. Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2015, from which the summarized information was prepared.

12. Subsequent Events

The Center's management has evaluated subsequent events through January 18, 2017, the date the financial statements were available to be issued. There are no subsequent events that require recognition or disclosure in these financial statements.