Audited Combined Financial Statements

Jewish Big Brothers Big Sisters Association of Los Angeles and The Foundation For Camp Bob Waldorf, Inc.

December 31, 2017

Quigley & Miron

Jewish Big Brothers Big Sisters Association of Los Angeles and The Foundation For Camp Bob Waldorf, Inc.
Audited Combined Financial Statements
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Independent Auditor's Report

Boards of Directors
Jewish Big Brothers Big Sisters Association of Los Angeles and
The Foundation For Camp Bob Waldorf, Inc.
Los Angeles, California

We have audited the accompanying combined financial statements of Jewish Big Brothers Big Sisters Association of Los Angeles (JBBBSLA) and The Foundation For Camp Bob Waldorf, Inc. (FCBW), nonprofit organizations (collectively, the Organization), which comprise the combined statement of financial position as of December 31, 2017, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Jewish Big Brothers Big Sisters Association of Los Angeles and The Foundation For Camp Bob Waldorf, Inc. as of December 31, 2017, and the changes in their combined net assets and their combined cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Quigley & Miron

Los Angeles, California
May 31, 2018

Jewish Big Brothers Big Sisters Association of Los Angeles and
The Foundation For Camp Bob Waldorf, Inc.
Combined Statement of Financial Position
December 31, 2017

	JBBBSLA	FCBW	Total
Assets			
Cash and cash equivalents	$ 5,593,558	$ 524,998	$ 6,118,556
Investments—Note 2	1,354,990	10,944,200	12,299,190
Accounts receivable	83,250		83,250
Pledges receivable, net—Note 5	1,797,760	396,265	2,194,025
Interest receivable		339	339
Prepaid expenses	90,023		90,023
Beneficial interest in charitable remainder unitrust—Note 3	418,351		418,351
Cash surrender value of life insurance policies		430,926	430,926
Property and equipment, net—Note 6	2,502,498		2,502,498
Total Assets	**$ 11,840,430**	**$ 12,296,728**	**$ 24,137,158**
Liabilities			
Accounts payable and accrued expenses	$ 275,434	$	$ 275,434
Refundable advances	127,590		127,590
Prepaid camp fees	9,928		9,928
Charitable remainder unitrust—Note 3	29,000		29,000
Total Liabilities	**441,952**		**441,952**
Nets Assets			
Unrestricted	2,298,645	381,385	2,680,030
Temporarily restricted—Note 7	4,984,766	3,149,385	8,134,151
Permanently restricted—Note 8	4,115,067	8,765,958	12,881,025
Total Net Assets	**11,398,478**	**12,296,728**	**23,695,206**
Total Liabilities and Net Assets	**$ 11,840,430**	**$ 12,296,728**	**$ 24,137,158**

See notes to combined financial statements.

Jewish Big Brothers Big Sisters Association of Los Angeles and The Foundation For Camp Bob Waldorf, Inc.
Combined Statement of Activities
Year Ended December 31, 2017

	JBBBSLA	FCBW	Eliminations	Total
Unrestricted Net Assets				
Public Support				
Contributions	$ 2,201,431	$ 6,962	$ (589,736)	$ 1,618,657
Special events, net—Note 10	435,292	104,457		539,749
Jewish Federation Council	235,629			235,629
Government grants	33,002			33,002
In-kind support—Note 11	7,443			7,443
Releases from restrictions	996,740	644,736		1,641,476
Revenue				
Camp Bob Waldorf camper fees	180,231			180,231
Rental income	282,612			282,612
Fee for service	104,994		(104,994)	
Increase in cash surrender value of life insurance policies		58,174		58,174
Investment return, net—Note 2	159,763			159,763
Other income	17,970			17,970
Total Unrestricted Support and Revenue	**4,696,337**	**814,329**	**(694,730)**	**4,815,936**
Expenses				
Program services	3,820,217	589,736	(589,736)	3,820,217
Supporting services				
Management and general	627,195	66,506	(52,497)	641,204
Fundraising	321,700	52,497	(52,497)	321,700
Total Expenses	**4,769,112**	**708,739**	**(694,730)**	**4,783,121**
Change in Unrestricted Net Assets	**(72,775)**	**105,590**		**32,815**
Temporarily Restricted Net Assets				
Contributions	460,352			460,352
Special events, net—Note 10		43,004		43,004
Investment return, net—Note 2		901,596		901,596
Other income	(18,867)			(18,867)
Releases from restrictions	(996,740)	(644,736)		(1,641,476)
Change in Temporarily Restricted Net Assets	**(555,255)**	**299,864**		**(255,391)**
Permanently Restricted Net Assets				
Contributions	4,115,067	143,814		4,258,881
Investment return, net—Note 2		226,215		226,215
Change in Permanently Restricted Net Assets	**4,115,067**	**370,029**		**4,485,096**
Change in Net Assets	**3,487,037**	**775,483**		**4,262,520**
Net Assets at Beginning of Year	**7,911,441**	**11,521,245**		**19,432,686**
Net Assets at End of Year	**$ 11,398,478**	**$ 12,296,728**	**$**	**$ 23,695,206**

See notes to combined financial statements.

Jewish Big Brothers Big Sisters Association of Los Angeles and
The Foundation For Camp Bob Waldorf, Inc.
Combined Statement of Functional Expenses
Year Ended December 31, 2017

	JBBBSLA				FCBW					Combined			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,665,441	$ 318,708	$ 138,484	$ 2,122,633	$	$	$	$	$	$ 1,665,441	$ 318,708	$ 138,484	$ 2,122,633
Employee benefits —Note 12	295,375	39,146	44,826	379,347						295,375	39,146	44,826	379,347
Payroll taxes	150,002	36,169	26,859	213,030						150,002	36,169	26,859	213,030
Other payroll-related	30,832	771		31,603						30,832	771		31,603
Total Payroll-Related Expenses	**2,141,650**	**394,794**	**210,169**	**2,746,613**						**2,141,650**	**394,794**	**210,169**	**2,746,613**
Accounting						10,500		10,500			10,500		10,500
Capital funding					94,236			94,236	(94,236)				
Depreciation	335,986	5,031	789	341,806						335,986	5,031	789	341,806
Equipment rental and maintenance	418	4,498	14,688	19,604						418	4,498	14,688	19,604
Office expenses	18,601	64,599	11,600	94,800		2,987		2,987		18,601	67,586	11,600	97,787
Operating support					362,500			362,500	(362,500)				
Postage and shipping	1,568	988	12,565	15,121		522		522		1,568	1,510	12,565	15,643
Printing and publications	1,978	3,540	15,324	20,842						1,978	3,540	15,324	20,842
Professional fees	55,281	61,408	4,490	121,179		52,497	52,497	104,994	(104,994)	55,281	61,408	4,490	121,179
Program activities and supplies	572,959	12,993	41,265	627,217						572,959	12,993	41,265	627,217
Public relations	27,519	6,104	509	34,132						27,519	6,104	509	34,132
Rent and facilities	398,747	53,695	8,150	460,592						398,747	53,695	8,150	460,592
Scholarships—JBBBSLA	230,193			230,193	74,000			74,000	(74,000)	230,193			230,193
Scholarships—Nelson					59,000			59,000	(59,000)				
Telephone	27,289	6,942	863	35,094						27,289	6,942	863	35,094
Transportation	8,028	12,603	1,288	21,919						8,028	12,603	1,288	21,919
Total Expenses	$ 3,820,217	$ 627,195	$ 321,700	$ 4,769,112	$ 589,736	$ 66,506	$ 52,497	$ 708,739	$ (694,730)	$ 3,820,217	$ 641,204	$ 321,700	$ 4,783,121

See notes to combined financial statements.

Jewish Big Brothers Big Sisters Association of Los Angeles and The Foundation For Camp Bob Waldorf, Inc.
Combined Statement of Cash Flows
Year Ended December 31, 2017

	JBBBSLA	FCBW	Total
Cash Flows from Operating Activities			
Change in net assets	$ 3,487,037	$ 775,483	$ 4,262,520
Adjustments to reconcile change in net assets to net cash provided by			
Depreciation	341,806		341,806
Increase in cash surrender value of life insurance policies		(24,116)	(24,116)
Decrease in beneficial interest in charitable charitable remainder unitrust and related liability	18,868		18,868
Contributions restricted for long-term purpose	4,115,067	143,814	4,258,881
Investment gains	(132,772)	(903,996)	(1,036,768)
Change in operating assets and liabilities:			
Receivables	555,418	233,612	789,030
Interest receivable	4,039	42,264	46,303
Prepaid expenses	(12,481)		(12,481)
Accounts payable and accrued expenses	24,360		24,360
Refundable advances	87,600		87,600
Prepaid camp fees	(6,655)		(6,655)
Deposits		(3,348)	(3,348)
Net Cash Provided by Operating Activities	**8,482,287**	**263,713**	**8,746,000**
Cash Flows from Investing Activities			
Purchases of property and equipment	(441,365)		(441,365)
Purchases of investments	(579,963)	(4,273,120)	(4,853,083)
Proceeds from sale of investments	509,932	4,242,669	4,752,601
Net Cash Used in Investing Activities	**(511,396)**	**(30,451)**	**(541,847)**
Cash Flows from Financing Activities			
Contributions restricted for long-term purpose	(4,115,067)	(143,814)	(4,258,881)
Net Cash Used in Financing Activities	**(4,115,067)**	**(143,814)**	**(4,258,881)**
Net Increase in Cash and Cash Equivalents	**3,855,824**	**89,448**	**3,945,272**
Cash and Cash Equivalents at Beginning of Year	**1,737,734**	**435,550**	**2,173,284**
Cash and Cash Equivalents at End of Year	**$ 5,593,558**	**$ 524,998**	**$ 6,118,556**
Supplementary Disclosures			
Interest paid	$	$	$
Income tax paid	$	$	$

See notes to combined financial statements.

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Jewish Big Brothers Big Sisters Association of Los Angeles (JBBBSLA) is a California nonprofit corporation and an affiliated agency of the Jewish Federation Council of Greater Los Angeles. The Foundation For Camp Bob Waldorf, Inc. (FCBW), formerly known as the Camp Max Straus Foundation, Inc., is a California public benefit nonprofit corporation, formed in 1962 to ensure perpetual funding for the Jewish Big Brothers Big Sisters Association's Camp Bob Waldorf, a residential camp established in 1938 on 112 acres in the Verdugo Hills of the City of Glendale. JBBBSLA and FCBW (collectively, the Organization), specializes in mentoring children through a variety of innovative, highly regarded mentoring programs and services, regardless of a family's ability to pay. Programs of the Organization include:

Jewish Big Brothers Big Sisters Mentoring Programs—Community-based mentoring brings positive Jewish adult role models, known as "big brothers and big sisters," into the lives of underserved Jewish youth, known as "little brothers and little sisters," ages 6-18. Matches are overseen by trained professionals who oversee the screening, training and monitoring of the matches on a regular basis. The Organization also provides teen empowerment programs called Thrive and Teen Talk.

Camp Bob Waldorf—is a residential summer camp located on 112 acres in the Verdugo Hills of Glendale, dedicated to strengthening the underserved Jewish and non-Jewish communities of Los Angeles. The following programs are offered: Camp Bob Waldorf summer camp, Team Bob Waldorf weekend camp, Witherbee Wilderness backpacking, Kibbutz Bob Waldorf summer camp, Kibbutz Bob Waldorf weekend camp, and a counselor-in-training program during the summer. These camp programs serve a combined total of approximately 1,500 children each year.

Scholarship Programs—The JBBBSLA Scholarship Program offers financial assistance to graduating, former little brothers and little sisters who seek higher education, and The Arnold S. Nelson Scholarship Program awards scholarships to graduates of the Witherbee Wilderness backpacking program in need of financial assistance to go to college. The Rising Leader Scholarship Program awards CIT and Teen Camp participants with financial assistance towards higher education.

Principles of Combination—JBBBSLA and FCBW, share common control, management and offices, therefore, it is more meaningful to present the combined financial statements of the organizations. The accompanying combined financial statements include the accounts of JBBBSLA and FCBW separately identified in addition to their combined totals with intercompany transactions between the organizations eliminated and disclosed.

Financial Statement Presentation—The combined financial statements are prepared on the accrual basis of accounting. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying combined financial statements as net assets released from restrictions.

Permanently restricted net assets—Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of the Organization's programs and operations.

It is the policy of the Organization to record restricted support as unrestricted support where the donor-restrictions have been satisfied within the reporting period.

Income Taxes—The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is made. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered *'more likely than not'* to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2017. Generally, the Organization's information returns remain open for examination for periods of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor.

Beneficial Interest in Charitable Remainder Unitrust—The Organization has been designated as a remainder interest in a charitable remainder unitrust. The trust agreement requires the trustee to make annual payments, paid quarterly, equal to 5% of the fair value of the trust assets determined annually. Upon the death of the beneficiary, the remaining trust assets will be distributed to the Organization. The related asset and estimated future liability is recorded in the accompanying combined statement of financial position when an irrevocable trust naming the Organization as the remainder man is established. The Organization adjusts the estimated beneficial interest in the remainder trust to reflect the passage of time, changes in actuarial assumptions, and the discount rate for current market conditions. A discount rate of 4.8% is used to estimate the obligation and remainder value. The amortization of the

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

discount, changes in actuarial assumptions and valuation of the underlying net assets of the trust agreement are included in the valuation of beneficial interest in remainder unitrust in the accompanying combined statement of activities.

Cash Surrender Value of Life Insurance Policies—The Organization is the owner of certain life insurance policies on various donors who named the Organization as the beneficiary. These policies are valued at their cash surrender value.

Property and Equipment—Property and equipment includes land and buildings (including improvements thereto), and furnishings and equipment used in the operations of the Organization, stated at cost if purchased, or fair market value at the date of donation, if donated.

Depreciation is provided using the straight-line method over the following estimated useful lives of assets:

Computer hardware	3-5 years
Computer software	3-5 years
Vehicles	3-5 years
Furniture, fixtures, and equipment	5-10 years
Buildings and building improvements	5-20 years
Donated art work (not currently held for sale)	30 years

Normal repairs and maintenance are expensed as incurred, whereas significant changes that materially increase values or extend useful lives and are at least $1,000 are capitalized and depreciated over the estimated remaining useful lives of the related assets. Upon sale or disposal of equipment, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is included in operations. Donated artwork, not currently held for sale, is recorded in unrestricted net assets. As there is no active plan to sell these assets, they are being depreciated over a useful life of thirty years, and any gain or loss recognized upon their sale will be included in operations.

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, receivables, and investments. The Organization maintains cash balances at high quality financial institutions, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. In the normal course of operations, such cash balances may exceed the FDIC insurance limits. The Organization's investments are managed by a large broker-dealer. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to $250,000 and the investments in securities are insured up to $500,000. At times, such balances of cash and cash equivalents, and investments in securities may be in excess of the FDIC and SIPC coverage limits. In addition, investments in securities are subject to fluctuations in the securities market and thus exposed to market risk. The Organization's management has assessed the credit risk associated with cash balances and investments held at December 31, 2017 and has determined that an allowance for potential losses due to credit risk is not necessary. Receivables are due from well-known charitable organizations with substantial assets, government entities and other entities well-known to the Organization. The Organization's management has assessed the credit risk associated with the

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

receivables outstanding at December 31, 2017 and has determined that an allowance for potential uncollectible amounts is not necessary.

Prepaid Camp Fees—Revenue received for future events is recognized in the periods to which it relates.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Government grants—Revenues from government grants are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as accounts receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Camper fees—Fees are recognized at the time services are provided.

Rental income—Rental income is recognized in the period in which the property rented is occupied.

Donated Services—Support arising from donated services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No such amounts are reflected in the accompanying combined financial statements as the donated services to the Organization do not meet the requirements for recognition; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising activities.

Allocation of Functional Expenses—The costs of providing the various programs and other activities have been summarized on a program basis in the combined statements of activities and functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefitted based on actual labor hours incurred with respect to the various programs and support services.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2—Investments

Investments are carried at fair value and consist of the following at December 31, 2017:

	JBBBSLA	FCBW	Total
Equity securities	$ 945,324	$ 7,494,447	$ 8,439,771
Fixed income securities	180,690	2,113,602	2,294,292
Mutual funds	228,976	1,336,151	1,565,127
Totals	**$ 1,354,990**	**$ 10,944,200**	**$ 12,299,190**

Investment returns for the year ended December 31, 2017 were as follows:

	JBBBSLA	FCBW	Total
Investment gain	$ 132,772	$ 903,996	$ 1,036,768
Investment management fees	(6,083)	(59,921)	(66,004)
Investment Gain, Net	**126,689**	**844,075**	**970,764**
Interest and dividend income	33,074	283,736	316,810
Total Investment Return	**$ 159,763**	**$ 1,127,811**	**$ 1,287,574**

Note 3—Beneficial Interest in Charitable Remainder Unitrust

The beneficial interest in charitable remainder unitrust and charitable remainder unitrust liability consists of the following at December 31, 2017:

Charitable remainder unitrust	$ 418,351
Charitable remainder unitrust liability	$ 29,000

Note 4—Fair Value Measurements

In determining the fair value of investments, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. The Organization's Level 1 assets are valued at the closing price reported on the active market on which the individual securities are traded.

Note 4— Fair Value Measurements —*Continued*

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liabilities, and market-corroborated inputs.

Level 3—Unobservable inputs, including situations where there is little, if any, market activity for the financial instrument and are significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Organization utilizes a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value private investments is the Net Asset Value (NAV) per share, or its equivalent. The Organizations has no assets or liabilities measured at NAV.

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

	Fair Value	Level 1	Level 2	Level 3
Cash surrender value of life insurance policies	$ 430,926	$	$	$ 430,926
Charitable remainder unitrust	418,351			418,351
Charitable remainder unitrust liability	(29,000)			(29,000)
Equity securities	8,439,771	8,439,771		
Fixed income securities	2,294,292		2,294,292	
Mutual funds	1,565,127	1,565,127		
Totals	**$ 13,119,467**	**$ 10,004,898**	**$ 2,294,292**	**$ 820,277**

A reconciliation of the Organization's Level 3 assets and liabilities is as follows:

Balance at beginning of year	$ 815,029
Change in value of life insurance policies	24,116
Change in value of charitable remainder unitrust	(18,868)
Balance at End of Year	**$ 820,277**

Note 5—Pledges Receivable, Net

Net pledges receivable at December 31, 2017 consist of the following:

	JBBBSLA	FCBW	Total
Amounts due in:			
One year or less	$ 646,787	$ 145,000	$ 791,787
Greater than one year but less than five years	819,500	188,500	1,008,000
Five years or more	430,000	75,000	505,000
Gross Pledges Receivable	**1,896,287**	**408,500**	**2,304,787**
Less unamortized discount	(98,527)	(12,235)	(110,762)
Pledges Receivable, Net	**$ 1,797,760**	**$ 396,265**	**$ 2,194,025**

Pledges receivable have been discounted using a rate of 2.0% for the year ended December 31, 2017 and are considered by management to be fully collectable. Accordingly, no provision has been made for uncollectible amounts.

Note 6—Property and Equipment, Net

Net property and equipment at December 31, 2017 consists of the following:

	JBBBSLA	FCBW	Total
Buildings and building improvements	$ 6,841,454	$	$ 6,841,454
Capitalized equipment lease	19,291		19,291
Computer equipment and software	248,667	10,000	258,667
Donated art work	30,275		30,275
Furniture and equipment	816,064		816,064
Land	303,705		303,705
Leasehold improvements	1,417,731		1,417,731
Vehicles	21,945		21,945
	9,699,132	10,000	9,709,132
Less accumulated depreciation and amortization	(7,196,634)	(10,000)	(7,206,634)
Totals	**$ 2,502,498**	**$**	**$ 2,502,498**

Note 7—Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

	JBBBSLA	FCBW	Total
Camp Bob Waldorf	$	$ 1,961,117	$ 1,961,117
Centennial campaign	3,737,771		3,737,771
Charitable remainder unitrust	389,351		389,351
Fund A Need		277,722	277,722
Nelson Family Scholarships	27,249		27,249
Scholarships	703,330	822,580	1,525,910
Witherbee Backpacking	127,065	87,966	215,031
Totals	$ 4,984,766	$ 3,149,385	$ 8,134,151

Note 8—Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2017 consist of the following:

	JBBBSLA	FCBW	Total
Arnold Nelson Scholarship Endowment Fund	$	$ 1,568,361	$ 1,568,361
Bereavement endowment funds		40,000	40,000
Campership endowment funds		4,393,043	4,393,043
JBBBSLA Scholarship endowment funds		1,762,718	1,762,718
Robert Lloyd Meyers Fund	4,115,067		4,115,067
Scholarship for Friends of Child Advocates		50,000	50,000
Witherbee Foundation Endowment Fund		951,836	951,836
Totals	$ 4,115,067	$ 8,765,958	$ 12,881,025

During the year ended December 31, 2017, JBBBSLA received a $4,115,067 permanently restricted endowment gift from the estate of Robert Lloyd Meyers to support psychotherapeutic healthcare, physician care, or tuitions for the Organization's Big Brothers Little Brothers program.

Per donor stipulations, principal and investment returns on the Witherbee Foundation Endowment Fund are required to be capitalized during the first twenty years of the pledge period (ended 2016); thereafter, any investment returns shall be used to fund the continuing operation of the Witherbee Wilderness Camp, a Sierra Nevada backpacking program offered through Camp Bob Waldorf. Similarly, donor stipulations require investment income allocated to the Arnold Nelson Scholarship Endowment Fund to be capitalized until 2017; thereafter, any investment returns shall be used for scholarships for students and young adults governed by the same terms and timeline as the Witherbee Foundation Endowment Fund.

Note 9—Endowment Funds

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the following: the corpus of the endowment; the original gift donated to the permanent endowment; the original value of subsequent gifts to the permanent endowment; and the 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. Any remaining portion of the donor-restricted endowment fund not classified as permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

<u>Return Objectives and Risk Parameters</u>—The Organization 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 the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets seek to achieve an average annual nominal return objective of 6-8%, investing in a diversified portfolio of money market funds; certificates of deposit; mutual funds; and other instruments employing an investment strategy whose investment goal is to maximize the rate of return, while at the same time minimizing risk consistent with an overriding policy of preservation of capital.

<u>Strategies Employed for Achieving Objectives</u>—The Organization is focused on the generation of income rather than capital gains. Investments are to be low-risk and turned over infrequently. Preservation of capital is the overriding factor.

<u>Spending Policy and How the Investment Objectives Relate to Spending Policy</u>—The Organization has a target policy of appropriating for distribution 4-5% of the annual portfolio value. This policy is derived from the donor's desire to provide resources for the Organization projects in perpetuity, while being mindful of the preservation of capital and the effect of inflation. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the original corpus and maintain the purchasing power of the endowment assets.

Note 9—Endowment Funds—*Continued*

The changes in endowment net assets for the year ended December 31, 2017 consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets at January 1, 2017	$ 2,346,115	$ 8,395,929	$ 10,742,044
Investment income	227,182	56,554	283,736
Realized and unrealized gains, net	674,414	169,661	844,075
Total Investment Return on Endowment Funds	**901,596**	**226,215**	**1,127,811**
Contributions		4,258,881	4,258,881
Appropriation for expenditure	(629,630)		(629,630)
Endowment Net Assets at December 31, 2017	**$ 2,618,081**	**$ 12,881,025**	**$ 15,499,106**

Note 10—Special Events, Net

Net special events activity for the year ended December 31, 2017 consists of the following:

	JBBBSLA	FCBW	Total
Revenue	$ 658,526	$ 198,394	$ 856,920
Direct donor benefit expenses	(223,234)	(50,933)	(274,167)
Net	**$ 435,292**	**$ 147,461**	**$ 582,753**

Total fundraising expenses for the year ended December 31, 2017 consist of the following:

	JBBBSLA	FCBW	Eliminations	Total
Fundraising expenses per statement of functional expense	$ 321,700	$ 52,497	$ (52,497)	$ 321,700
Direct donor benefit expenses	223,234	50,933		274,167
Net	**$ 544,934**	**$ 103,430**	**$ (52,497)**	**$ 595,867**

Note 11—In-Kind Support

In-kind support in the amount of $7,443 is included in the program activities and supplies caption in the combined statement of functional expenses, and $25,222 in the special events, net caption in the combined statement of activities.

Note 12—Retirement Benefits

Retirement benefits are provided for substantially all employees through the Basic Pension Plan for Employees of the Jewish Federation Council of Greater Los Angeles (Plan), a multi-employer defined benefit plan of which the Organization is one of the participating employers. As of December 31, 2017, the Plan had an actuarially calculated unfunded liability. The actuarial information needed to calculate the unfunded liability on an individual participating employer basis is not readily available and management is still assessing the potential liability to the Organization. The Plan has been amended to provide that employees hired after December 31, 2005 will not be eligible to participate in the Plan benefits.

Employees hired after January 1, 2006, are eligible to participate in a defined contribution plan, which provides for employer contributions of 5% of eligible wages. Employees become eligible to participate in the plan after 1,000 hours of service in a 12-month period, with entrance dates of January 1st, April 1st, July 1st, and October 1st.

Pension costs for the year ended December 31, 2017 amounted to $146,873.

Note 13—Leases

The Organization leases office space from the Jewish Federation Council of Greater Los Angeles and equipment under several non-cancelable operating leases. Rent expense for the year ended December 31, 2017 under these operating leases was $460,592. Future minimum annual rental commitments by year for these operating leases with remaining terms in excess of one year are as follows:

Year Ending December 31,		
2018	$	176,323
2019		181,500
2020		15,160
Total	**$**	**372,983**

Note 14— Recent Accounting Pronouncements

Leases—In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization in 2020; early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Net Assets Presentation—In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Organization in 2018. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Note 15—Subsequent Events

Management has evaluated subsequent events through May 31, 2018, which is the date the financial statements were available to be issued, and has concluded that no material subsequent events have occurred that would require adjustments to the financial statements or the notes to the financial statements.