

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

FINANCIAL STATEMENTS
December 31, 2018 and 2017

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 – 4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Jewish Community Foundation of the West
Sacramento, California

We have audited the accompanying financial statements of The Jewish Community Foundation of the West (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Jewish Community Foundation of the West as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Propp Christensen Caniglia LLP

December 26, 2019
Roseville, California

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Operating cash and cash equivalents	\$ 11,482	\$ 9,302
Foundation cash and cash equivalents	<u>32,296</u>	<u>12,251</u>
Total cash and cash equivalents	43,778	21,553
Foundation investments	112,443	155,593
Donor advised funds	2,533,755	2,679,809
Prepaid expenses and other assets	<u>6,389</u>	<u>2,952</u>
Total current assets	2,696,365	2,859,907
Organization endowments	827,178	725,579
Organization donor advised funds	1,317,998	1,341,101
Endowments	<u>3,732,040</u>	<u>3,309,903</u>
Total assets	<u>\$ 8,573,581</u>	<u>\$ 8,236,490</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 4,361	\$ 8,572
Funds held for others	<u>2,145,176</u>	<u>2,066,680</u>
Total liabilities	<u>2,149,537</u>	<u>2,075,252</u>
Net assets:		
Without donor restrictions	<u>158,249</u>	<u>171,526</u>
With donor restrictions:		
Donor advised funds	2,533,755	2,679,809
Endowments	<u>3,732,040</u>	<u>3,309,903</u>
	<u>6,265,795</u>	<u>5,989,712</u>
Total net assets	<u>6,424,044</u>	<u>6,161,238</u>
Total liabilities and net assets	<u>\$ 8,573,581</u>	<u>\$ 8,236,490</u>

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

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Support and revenue:			
Donations, pledges and support	\$ 18,735	\$ 1,315,813	\$ 1,334,548
Account fees	104,026	-	104,026
Net return on investments	(2,439)	(452,601)	(455,040)
Other income	39,810	-	39,810
Net assets released from restrictions	<u>587,129</u>	<u>(587,129)</u>	<u>-</u>
Total support and revenue	<u>747,261</u>	<u>276,083</u>	<u>1,023,344</u>
Expenses:			
Program services	704,091	-	704,091
Support services:			
Management and general	<u>56,447</u>	<u>-</u>	<u>56,447</u>
Total expenses	<u>760,538</u>	<u>-</u>	<u>760,538</u>
Change in net assets	(13,277)	276,083	262,806
Net assets, beginning of year	<u>171,526</u>	<u>5,989,712</u>	<u>6,161,238</u>
Net assets, end of year	<u>\$ 158,249</u>	<u>\$ 6,265,795</u>	<u>\$ 6,424,044</u>

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

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended December 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	2017 Total
Support and revenue:			
Donations, pledges and support	\$ 21,892	\$ 785,869	\$ 807,761
Account fees	88,457	-	88,457
Net return on investments	19,707	790,050	809,757
Other income	28,894	-	28,894
Net assets released from restrictions	<u>705,208</u>	<u>(705,208)</u>	<u>-</u>
Total support and revenue	<u>864,158</u>	<u>870,711</u>	<u>1,734,869</u>
Expenses:			
Program services	795,713	-	795,713
Support services:			
Management and general	<u>37,709</u>	<u>-</u>	<u>37,709</u>
Total expenses	<u>833,422</u>	<u>-</u>	<u>833,422</u>
Change in net assets	30,736	870,711	901,447
Net assets, beginning of year	<u>140,790</u>	<u>5,119,001</u>	<u>5,259,791</u>
Net assets, end of year	<u><u>\$ 171,526</u></u>	<u><u>\$ 5,989,712</u></u>	<u><u>\$ 6,161,238</u></u>

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

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2018 and 2017

	Program Services	Management and General	2018 Total
Grants awarded	\$ 544,508	\$ -	\$ 544,508
Audit expense	3,060	7,140	10,200
Donor management	20,020	-	20,020
Bookkeeper	3,755	8,761	12,516
Salary expense	42,342	13,403	55,745
Rent	1,650	3,850	5,500
Office expense	1,329	3,101	4,430
Insurance	3,900	9,101	13,001
Account fees	78,774	-	78,774
Other	4,753	11,091	15,844
	<u>\$ 704,091</u>	<u>\$ 56,447</u>	<u>\$ 760,538</u>
	Program Services	Management and General	2017 Total
Grants awarded	\$ 672,569	\$ -	\$ 672,569
Audit expense	3,510	8,190	11,700
Donor management	11,673	-	11,673
Bookkeeper	1,980	4,620	6,600
Salary expense	34,784	11,010	45,794
Rent	1,710	3,990	5,700
Office expense	795	1,855	2,650
Insurance	1,002	2,338	3,340
Account fees	65,244	-	65,244
Other	2,446	5,706	8,152
	<u>\$ 795,713</u>	<u>\$ 37,709</u>	<u>\$ 833,422</u>

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

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 262,806	\$ 901,447
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investments	564,666	(696,569)
Donated securities	(303,498)	(306,483)
Contributions restricted for permanent endowment	(856,119)	(175,768)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(3,437)	(239)
Accounts payable and accrued expenses	(4,211)	1,946
Funds held for others	78,496	287,049
	<u>(261,297)</u>	<u>11,383</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of investments	(5,243,313)	(759,676)
Proceeds from sale of investments	4,174,574	876,472
Change in restricted cash	496,142	(295,685)
	<u>(572,597)</u>	<u>(178,889)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Contributions restricted for permanent endowment	856,119	175,768
	<u>856,119</u>	<u>175,768</u>
Change in cash and cash equivalents	22,225	8,262
Cash and cash equivalents, beginning of year	21,553	13,291
Cash and cash equivalents, end of year	<u>\$ 43,778</u>	<u>\$ 21,553</u>

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

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1: ORGANIZATION

The Jewish Community Foundation of the West (the "Foundation") was incorporated on January 4, 2000, under the laws of the State of California with the purpose to enhance charitable giving; facilitate philanthropy both locally and worldwide; and build permanent financial resources to strengthen organizations and programs that serve the Jewish families of Northern California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Internally, the Foundation accounts and reports for its operations in individual funds, each established according to their nature and objective. While separate accounts are maintained for each fund, the funds have been combined in these financial statements. The funds of the Foundation are maintained as follows:

Administrative Fund – Administrative funds represent a portion of expendable resources that are available for the Foundation's operations.

Endowment Fund – Endowment funds represent funds that are subject to restriction of gift instruments requiring that the principal be invested in perpetuity.

Donor Advised Funds – Donor advised funds are available for disbursement at the recommendation of the donor subject to approval by the Board of Directors.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the presentation of net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Foundation has retrospectively adopted the provision as of December 31, 2018.

The Foundation presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets with donor restrictions - Net assets that are subject to donor stipulations that will be met by actions of the Foundation or the passage of time. Net assets with donor restrictions include funds to be expended for charitable purposes at the recommendation of the donor or management and in conjunction with approval by the Foundation's Board of Directors. Net assets with donor restrictions also include endowment funds that are subject to donor stipulations and must be maintained permanently by the Foundation. A portion of investment income and realized investment gains of the endowment funds are expendable for charitable purposes at the recommendation of the donor or management in conjunction with approval by the Foundation's Board of Directors.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Program and Functional Expenses

The costs of providing program services have been summarized on a functional basis in the statement of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Donations and Grants Received

Donations and grants received are measured at their fair value and reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as released from restriction.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Additionally, in accordance with FASB ASC 958-230-55, cash receipts restricted to long term purposes by donor stipulation are reported in the statement of cash flows as financing activities.

Concentrations of Credit Risk

The Foundation maintains cash in bank deposit accounts, which at times, may exceed federally insured limits. These accounts are insurable by the Federal Deposit Insurance Corporation up to \$250,000 per bank for each category of legal ownership. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk (Continued)

Certain money market accounts and short-term investments are covered under the Securities Investor Protection Corporation (SIPC) up to \$500,000 on securities and \$250,000 on cash balances. The Foundation's custodian of securities carries an additional private brokerage insurance of up to \$1.9 million.

Property and Equipment

Property and equipment consist of office equipment and is stated at cost. The Foundation provides for depreciation over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the equipment range from three to seven years.

Investments

The Foundation has adopted Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 320, Not-for-Profit Entities – Investments– Debt and Equity Securities (FASB ASC 958-320). Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investments in securities are reported at fair value based on quoted market prices for marketable equity securities and money market mutual funds. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Investment gains pertaining to certain restricted net assets are recorded as temporarily restricted or permanently restricted in accordance with the applicable gift instruments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Investment Pools

The Foundation maintains investment pools, consisting of the resources of various endowments and managed funds, to increase its investment flexibility. The endowment funds are accounted for using the "market value unit method." Under this method, each donor fund is assigned a number of units based on the relationship of the market value of all investments at the time of entry in the pool. Pooled assets are valued and new unit values are calculated monthly.

Funds Held for Others

The Foundation receives and distributes assets under certain agency and intermediary arrangements. FASB ASC 958-605 (formerly SFAS No. 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others), establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as a beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability has been established at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations reflected under funds held for others on the accompanying statement of financial position.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3), and is not a private foundation under Section 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). The Foundation is exempt from state income tax under Section 170(b)(1)(A)(vi) of the California Revenue and Taxation Code. After they are filed, the Foundation's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

Use of Estimates

The presentation 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.

Fair Value Measurements

The Foundation has implemented the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 820, Subtopic 10 (FASB ASC 820-10), which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

Reclassifications

The presentation of the 2017 statement of activities was reclassified, with no effect to total net assets, to conform to the 2018 presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through December 26, 2019, the date that the financial statements were available to be issued.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2018</u>	<u>2017</u>
Operating cash and cash equivalents	\$ 11,482	\$ 9,302
Foundation cash and cash equivalents	32,296	12,251
Foundation investments	112,443	155,593
Donor advised funds	<u>2,533,755</u>	<u>2,679,809</u>
Financial assets	2,689,976	2,856,955
Less those unavailable for general expenditures within one year, due to purpose restrictions stipulated by donors	<u>(2,533,755)</u>	<u>(2,679,809)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 156,221</u></u>	<u><u>\$ 177,146</u></u>

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fixed assets	\$ 15,120	\$ 15,120
Less accumulated depreciation	<u>(15,120)</u>	<u>(15,120)</u>
Net property and equipment	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 5: FUNDS HELD FOR OTHERS

The Foundation holds and invests funds on behalf of other 501(c)(3) nonprofit organizations. These funds are shown on the accompanying balance sheets as organization endowments and organization donor advised funds. Activity within the funds for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Balance, January 1,	\$ 2,066,680	\$ 1,779,631
Deposits	340,484	133,351
Interest and dividends	36,327	40,658
Net realized and unrealized gain (loss) on investments	(199,718)	260,336
Investment fee	(25,252)	(23,213)
Distributions	<u>(73,345)</u>	<u>(124,083)</u>
Balance, December 31,	<u>\$ 2,145,176</u>	<u>\$ 2,066,680</u>

NOTE 6: CASH AND INVESTMENTS

The Foundation holds and invests funds for operations and a variety of different purposes and entities. Total cash and investments at December 31, 2018 and 2017 are as follows:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
At December 31, 2018:			
Operating, unrestricted	<u>\$ 11,482</u>	<u>\$ -</u>	<u>\$ 11,482</u>
Invested accounts:			
Foundation	\$ 32,296	\$ 112,443	\$ 144,739
Donor advised	136,845	2,396,910	2,533,755
Organization endowments	33,367	793,811	827,178
Organization donor advised	66,797	1,251,201	1,317,998
Endowments	<u>154,986</u>	<u>3,577,054</u>	<u>3,732,040</u>
	<u>\$ 424,291</u>	<u>\$ 8,131,419</u>	<u>\$ 8,555,710</u>
At December 31, 2017:			
Operating, unrestricted	<u>\$ 9,302</u>	<u>\$ -</u>	<u>\$ 9,302</u>
Invested accounts:			
Foundation	\$ 12,251	\$ 155,593	\$ 167,844
Donor advised	633,196	2,046,613	2,679,809
Organization endowments	48,607	676,972	725,579
Organization donor advised	85,730	1,255,371	1,341,101
Endowments	<u>140,649</u>	<u>3,169,254</u>	<u>3,309,903</u>
	<u>\$ 920,433</u>	<u>\$ 7,303,803</u>	<u>\$ 8,224,236</u>

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 6: CASH AND INVESTMENTS (CONTINUED)

Foundation (Unrestricted)

Foundation funds are unrestricted cash and investments included in the investment pools.

Donor Advised (Restricted)

Donor advised funds are available for disbursement at the recommendation of the donor subject to approval by the Board of Directors.

Organization Endowment (Restricted)

These assets represent endowment funds owned by other organizations who have chosen to have the Foundation invest those funds on their behalf. These are offset by the funds held for others liability.

Organization Donor Advised (Restricted)

These assets represent unrestricted funds owned by other organizations who have chosen to have the Foundation invest those funds on their behalf. These are offset by the funds held for others liability.

Endowment (Restricted)

Endowment funds represent funds that are subject to restriction of gift instruments requiring that the principal be invested in perpetuity.

The Foundation's assets may be invested in one or more or some combination of the following portfolios:

Portfolio A – Growth Fund: The primary objective of Portfolio A is a growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 75% equities, 15% fixed income, and 10% alternative investments.

Portfolio B – Balanced Fund: The primary objective of Portfolio B is a balanced portfolio focused on total return. The target asset allocation for this portfolio is currently 40% equities, 43% fixed income, 15% alternative investments, and 2% cash and cash equivalents.

Portfolio C and D – Preservation of Principal: The primary objective of Portfolio C and D is a primary emphasis on preservation of principal with a secondary focus on income. The target asset allocation for these portfolios is currently 100% cash and cash equivalents.

Portfolio E – Income Fund: The primary objective of Portfolio E is current income. The target asset allocation for this portfolio is currently 98% fixed income and 2% cash and cash equivalents.

Portfolio F – State of Israel Bond Fund: The primary objective of Portfolio F is current income. The target asset allocation for this portfolio is currently 100% fixed income.

Portfolio G – ESG Growth Fund: The primary objective of Portfolio G is a growth-oriented portfolio focused on total return. The investments in this portfolio will be selected based on the premise that positive environmental, social and governance factors will lead to outperformance over time. The target asset allocation for this portfolio is currently 65% equities, 18% fixed income, 15% alternative investments and 2% cash and cash equivalents.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 6: CASH AND INVESTMENTS (CONTINUED)

Investments are carried at fair value and consist of the following at December 31, 2018 and 2017:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Portfolio A	\$ 7,032,762	\$ 6,759,090	\$ 5,309,880	\$ 6,432,512
Portfolio B	1,195,296	1,133,741	1,031,419	1,147,144
Portfolio C	156,684	156,408	125,504	125,504
Portfolio D	355,493	355,493	315,182	315,182
Sweep Account	150,978	150,978	203,894	203,894
	8,891,213	8,555,710	6,985,879	8,224,236
Less restricted cash	(424,291)	(424,291)	(920,433)	(920,433)
Total investments	<u>\$ 8,466,922</u>	<u>\$ 8,131,419</u>	<u>\$ 6,065,446</u>	<u>\$ 7,303,803</u>

The following is a summary of net return on investments as of December 31, 2018 and 2017:

	2018	2017
Dividends and interest	\$ 109,626	\$ 113,188
Net realized and unrealized gain (loss)	(564,666)	696,569
Net return on investments	<u>\$ (455,040)</u>	<u>\$ 809,757</u>

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 7: FAIR VALUE MEASUREMENTS

The following tables set forth by level within the fair value hierarchy (as described in Note 2) the assets measured on a recurring basis:

	Level 1	Level 2	Level 3	Total
At December 31, 2018:				
Diversified emerging markets	\$ 461,163	\$ -	\$ -	\$ 461,163
Foreign large blend	1,241,811	-	-	1,241,811
Inflation-protected bond	231,178	-	-	231,178
Intermediate-core bond	23,820	-	-	23,820
Intermediate-term bond	679,087	-	-	679,087
Large blend	1,101,060	-	-	1,101,060
Large core	432,267	-	-	432,267
Large growth	398,536	-	-	398,536
Large value	212,950	-	-	212,950
Mid-cap blend	666,443	-	-	666,443
Mid core	58,420	-	-	58,420
Mid growth	64,512	-	-	64,512
Mid value	86,006	-	-	86,006
Multialternative	373,501	-	-	373,501
Nontraditional bond	505,282	-	-	505,282
Short-term bond	53,679	-	-	53,679
Small blend	350,301	-	-	350,301
Small value	8,532	-	-	8,532
Other	1,182,871	-	-	1,182,871
Total	<u>\$ 8,131,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,131,419</u>
At December 31, 2017:				
Diversified emerging markets	\$ 453,913	\$ -	\$ -	\$ 453,913
Foreign large blend	1,805,571	-	-	1,805,571
Inflation-protected bond	181,729	-	-	181,729
Intermediate-term bond	561,916	-	-	561,916
Large blend	2,535,631	-	-	2,535,631
Mid-cap blend	893,081	-	-	893,081
Nontraditional bond	385,257	-	-	385,257
Small blend	486,705	-	-	486,705
Total	<u>\$ 7,303,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,303,803</u>

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Donor Advised Funds

At December 31, 2018 and 2017, the Foundation had donor advised funds of \$2,533,755 and \$2,679,809, respectively, which were restricted for grants to be made to non-profit organizations in future periods.

Endowments

At December 31, 2018 and 2017, the Foundation had endowment funds of \$3,732,040 and \$3,309,903, respectively, that are required to be maintained in perpetuity.

The Board of Directors interprets the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair 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 Foundation classifies as permanently restricted net assets 1) the original value of gifts donated to the perpetual endowment, 2) the original value of subsequent gifts to the perpetual endowment, and 3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

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

Endowment funds are maintained in pooled investment portfolios. Interest, dividends, and realized and unrealized gains and losses in the investment pools are allocated monthly to the endowment funds in proportion to each fund's share in the investment pools. The spending policy for the endowment funds allows for an annual appropriation equal to four percent of the individual account balance, based on a three-year trailing average. If those funds are not disbursed before the end of the fiscal year, they are retained as permanently restricted and subject to appropriation in the subsequent period.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowment fund activity for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at December 31, 2016	\$ -	\$ 2,776,894	\$ 2,776,894
Contributions	-	175,768	175,768
Interest and dividends	-	65,158	65,158
Net realized and unrealized gain	-	429,179	429,179
Disbursements	(137,096)	-	(137,096)
Net assets released from restriction	<u>137,096</u>	<u>(137,096)</u>	<u>-</u>
Balance at December 31, 2017	-	3,309,903	3,309,903
Contributions	-	858,444	858,444
Interest and dividends	-	63,227	63,227
Net realized and unrealized gain	-	(367,572)	(367,572)
Disbursements	(131,962)	-	(131,962)
Net assets released from restriction	<u>131,962</u>	<u>(131,962)</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 3,732,040</u>	<u>\$ 3,732,040</u>

NOTE 9: SUBSEQUENT EVENT

Subsequent to year-end, the Foundation's asset portfolios may be invested in one or more or some combination of the following portfolios, in accordance with the Investment Policy Statement, as amended in June 2018.

Portfolio A – Growth Fund: The primary objective of Portfolio A is a growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 75% equities, 15% fixed income, and 10% alternative investments.

Portfolio B – Balanced Fund: The primary objective of Portfolio B is a balanced portfolio focused on total return. The target asset allocation for this portfolio is currently 40% equities, 43% fixed income, 15% alternative investments, and 2% cash and cash equivalents.

Portfolio C – Short Term Fund: The primary objective of Portfolio C is a primary emphasis on preservation of principal with a secondary focus on income. The target asset allocation for this portfolio is currently 50% fixed income and 50% cash and cash equivalents.

Portfolio D – Preservation of Principal: The primary objective of Portfolio D is preservation of principal. The target asset allocation for this portfolio is currently 100% cash and cash equivalents.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 9: SUBSEQUENT EVENT (CONTINUED)

Portfolio E – ESG Growth Fund: The primary objective of Portfolio E is a growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 65% equities, 18% fixed income, 15% alternative investments and 2% cash and cash equivalents.

Portfolio F – State of Israel Bond Fund: The primary objective of Portfolio F is an aggressive growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 100% equities.