

Jewish Federation of St. Louis

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2018 and 2017

Jewish Federation of St. Louis
December 31, 2018 and 2017

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Independent Auditor's Report

Board of Directors
Jewish Federation of St. Louis
St. Louis, Missouri

We have audited the accompanying consolidated financial statements of Jewish Federation of St. Louis and subsidiaries (the "Federation"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Federation's preparation and fair presentation of the consolidated 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 Federation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Federation 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.

Supplementary Information

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

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, in 2018, the Federation adopted new accounting guidance, ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

St. Louis, Missouri
June 3, 2019

Jewish Federation of St. Louis
Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 327,596	\$ 2,867,484
Receivables		
Campaign pledges, net of allowance	2,001,875	1,744,519
Accrued interest	-	742
Other	202,896	284,228
Prepaid expenses	121,133	69,753
Building and equipment, net	7,081,650	4,198,619
Notes receivable	-	3,865,992
Contributions receivable, net	6,537,174	11,401,685
Long-term investments	141,646,769	143,169,197
Total assets	\$ 157,919,093	\$ 167,602,219
 Liabilities		
Account payable		
Beneficiary agencies	\$ 2,892,611	\$ 2,096,204
The Jewish Federations of North America	86,370	101,695
Other	397,631	710,148
Grants payable	5,076,525	7,252,151
Accrued expenses	581,460	426,635
Accrued pension obligation	2,788,102	2,983,584
Obligations to beneficiaries under split- interest agreements	1,577,507	1,766,248
Line of credit	4,183,682	2,196,945
Note payable	1,758,645	-
Funds held in custody for others		
Pooled investments	19,496,313	19,176,667
Split-interest agreements	350,862	405,452
Passport to Israel	653,807	642,525
Other	1,131,738	1,061,564
Total liabilities	\$ 40,975,253	\$ 38,819,818

(Continued)

Jewish Federation of St. Louis
Consolidated Statements of Financial Position (Continued)
December 31, 2018 and 2017

	2018	2017
Net Assets		
Without donor restrictions		
Undesignated	\$ (3,433,051)	\$ (3,034,012)
Board-controlled endowments and other		
Philanthropic funds	8,635,395	9,985,513
Board designated as endowment	8,294,109	9,009,952
Board designated as future use	25,848,337	29,759,368
Other	15,696,099	22,834,122
Total without donor restrictions	55,040,889	68,554,943
With donor restrictions	61,902,951	60,227,458
Total net assets	116,943,840	128,782,401
Total liabilities and net assets	\$ 157,919,093	\$ 167,602,219

Jewish Federation of St. Louis
Consolidated Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board-Controlled Endowments and Other</u>	<u>Total</u>		
Revenues, Gains and Other Support					
Pledges					
Pledges received in the current year	\$ 9,599,695	\$ -	\$ 9,599,695	\$ -	\$ 9,599,695
Prior year pledges received and released from restriction	646,830	-	646,830	(646,830)	-
Pledges restricted for subsequent year	-	-	-	691,564	691,564
Total regular campaign	10,246,525	-	10,246,525	44,734	10,291,259
Annual campaign: Other	6,000	-	6,000	326,000	332,000
Total annual campaign	10,252,525	-	10,252,525	370,734	10,623,259
Friends of the Holocaust Campaign	261,535	-	261,535	-	261,535
Building renovation	-	-	-	-	-
Less: Amounts derived from board-controlled funds	(822,785)	(1,974,142)	(2,796,927)	-	(2,796,927)
Net campaigns	9,691,275	(1,974,142)	7,717,133	370,734	8,087,867
Contributions, bequests and gifts	144,840	802,931	947,771	6,224,690	7,172,461
Government grants	48,500	-	48,500	-	48,500
United Way of Greater St. Louis	145,056	-	145,056	-	145,056
Other grants	158,913	-	158,913	195,000	353,913
Services to beneficiary agencies	28,227	-	28,227	-	28,227
Other income	616,574	-	616,574	-	616,574
Investment income, net	(453,369)	1,260,713	807,344	416,916	1,224,260
Net gain (loss) on investments	8,393	(3,993,873)	(3,985,480)	(2,462,005)	(6,447,485)
Change in value of split interest agreements	-	-	-	(148,756)	(148,756)
Net assets released from restriction					
Program	2,042,045	(1,194,279)	847,766	(847,766)	-
Building renovations	609,425	-	609,425	(609,425)	-
Other	1,231,188	-	1,231,188	(1,231,188)	-
Reclassification of Board-controlled endowments, net	2,590,733	(2,590,733)	-	-	-
Total revenues, gains and other support	16,861,800	(7,689,383)	9,172,417	1,908,200	11,080,617

(Continued)

Jewish Federation of St. Louis
Consolidated Statement of Activities (Continued)
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board-Controlled Endowments and Other</u>	<u>Total</u>		
Appropriations and Program Expenses					
Appropriations					
Without donor restrictions					
Local agencies	\$ 2,460,000	\$ -	\$ 2,460,000	\$ -	\$ 2,460,000
Israel and overseas	1,325,000	-	1,325,000	-	1,325,000
National agencies	512,343	-	512,343	-	512,343
Strategic program grants					
Ensuring the Jewish Future	20,651	-	20,651	-	20,651
Caring for Jews in Need - Domestic	28,439	-	28,439	-	28,439
Caring for Jews in Need - Overseas	790,671	-	790,671	-	790,671
Community Engagement	2,211,710	-	2,211,710	-	2,211,710
Endowment and Foundation distributions					
Beneficiary and other local agencies	352,206	1,322,472	1,674,678	232,707	1,907,385
National agencies	4,487	2,232,837	2,237,324	-	2,237,324
Distribution to charitable organizations	430,269	1,790,787	2,221,056	-	2,221,056
Total appropriations	8,135,776	5,346,096	13,481,872	232,707	13,714,579
Other program expenses					
Planning and appropriations	1,255,787	-	1,255,787	-	1,255,787
Community development	3,835,340	-	3,835,340	-	3,835,340
Holocaust Museum and Community Libraries	714,581	-	714,581	-	714,581
Total appropriations and program expenses	13,941,484	5,346,096	19,287,580	232,707	19,520,287
Operating Expenses					
Philanthropy	2,331,789	-	2,331,789	-	2,331,789
Management and general	1,095,856	79,536	1,175,392	-	1,175,392
Total operating expenses	3,427,645	79,536	3,507,181	-	3,507,181
Total appropriations and expenses	17,369,129	5,425,632	22,794,761	232,707	23,027,468
Change in Net Assets Before Pension Changes	(507,329)	(13,115,015)	(13,622,344)	1,675,493	(11,946,851)
Pension related change other than net periodic cost, net gain	108,290	-	108,290	-	108,290
Change in Net Assets	(399,039)	(13,115,015)	(13,514,054)	1,675,493	(11,838,561)
Net Assets Beginning of Year	(3,034,012)	71,588,955	68,554,943	60,227,458	128,782,401
Net Assets, End of Year	\$ (3,433,051)	\$ 58,473,940	\$ 55,040,889	\$ 61,902,951	\$ 116,943,840

Jewish Federation of St. Louis
Consolidated Statement of Activities
Year Ended December 31, 2017

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board-Controlled Endowments and Other	Total		
Revenues, Gains and Other Support					
Pledges					
Pledges received in the current year	\$ 9,630,551	\$ -	\$ 9,630,551	\$ -	\$ 9,630,551
Prior year pledges received and released from restriction	574,717	-	574,717	(574,717)	-
Pledges restricted for subsequent year	-	-	-	721,818	721,818
Total regular campaign	10,205,268	-	10,205,268	147,101	10,352,369
Annual campaign: Other	5,000	-	5,000	55,803	60,803
Total annual campaign	10,210,268	-	10,210,268	202,904	10,413,172
Friends of the Holocaust Campaign	237,604	-	237,604	-	237,604
Building renovation	-	-	-	5,100,000	5,100,000
Less: Amounts derived from board-controlled funds	(504,699)	(2,142,738)	(2,647,437)	-	(2,647,437)
Net campaigns	9,943,173	(2,142,738)	7,800,435	5,302,904	13,103,339
Contributions, bequests and gifts	76,343	2,298,753	2,375,096	5,355,271	7,730,367
Government grants	46,730	-	46,730	-	46,730
United Way of Greater St. Louis	162,878	-	162,878	-	162,878
Other grants	251,458	-	251,458	134,478	385,936
Services to beneficiary agencies	57,930	-	57,930	-	57,930
Other income	173,768	-	173,768	-	173,768
Investment income	(281,721)	1,916,108	1,634,387	327,136	1,961,523
Net gain (loss) on investments	(1,962)	7,961,811	7,959,849	5,010,108	12,969,957
Change in value of split interest agreements	-	-	-	112,643	112,643
Net assets released from restriction					
Program	2,118,499	(437,030)	1,681,469	(1,681,469)	-
Building renovations	1,044,907	-	1,044,907	(1,044,907)	-
Other	892,220	-	892,220	(892,220)	-
Reclassification of Board-controlled endowments, net	2,459,341	(2,459,341)	-	-	-
Total revenues, gains and other support	16,943,564	7,137,563	24,081,127	12,623,944	36,705,071

(Continued)

Jewish Federation of St. Louis
Consolidated Statement of Activities (Continued)
Year Ended December 31, 2017

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board-Controlled Endowments and Other	Total		
Appropriations and Program Expenses					
Appropriations					
Unrestricted					
Local agencies	\$ 2,491,614	\$ -	\$ 2,491,614	\$ -	\$ 2,491,614
Israel and overseas	1,324,177	-	1,324,177	-	1,324,177
National agencies	474,986	-	474,986	-	474,986
Strategic program grants:					
Ensuring the Jewish Future	277,980	-	277,980	-	277,980
Caring for Jews in Need - Domestic	737,783	-	737,783	-	737,783
Caring for Jews in Need - Overseas	698,671	-	698,671	-	698,671
Community Engagement	432,484	-	432,484	-	432,484
Endowment and Foundation distributions					
Beneficiary and other local agencies	211,114	3,763,066	3,974,180	-	3,974,180
National agencies	83,581	7,101,671	7,185,252	-	7,185,252
Distribution to charitable organizations	461,672	3,887,763	4,349,435	-	4,349,435
Total appropriations	7,194,062	14,752,500	21,946,562	-	21,946,562
Other program expenses					
Planning and appropriations	1,160,857	-	1,160,857	-	1,160,857
Community development	3,466,322	-	3,466,322	-	3,466,322
Holocaust Museum and Community Libraries	640,424	-	640,424	-	640,424
Total appropriations and program expenses	12,461,665	14,752,500	27,214,165	-	27,214,165
Operating Expenses					
Philanthropy	2,258,104	-	2,258,104	-	2,258,104
Management and general	1,090,445	154,041	1,244,486	23,508	1,267,994
Total operating expenses	3,348,549	154,041	3,502,590	23,508	3,526,098
Total appropriations and expenses	15,810,214	14,906,541	30,716,755	23,508	30,740,263
Change in Net Assets Before Pension Changes	1,133,350	(7,768,978)	(6,635,628)	12,600,436	5,964,808
Pension related change other than net periodic cost, net loss	(156,352)	-	(156,352)	-	(156,352)
Change in Net Assets	976,998	(7,768,978)	(6,791,980)	12,600,436	5,808,456
Net Assets Beginning of Year	(4,011,010)	79,357,933	75,346,923	47,627,022	122,973,945
Net Assets, End of Year	\$ (3,034,012)	\$ 71,588,955	\$ 68,554,943	\$ 60,227,458	\$ 128,782,401

Jewish Federation of St. Louis
Consolidated Statement of Functional Expenses
December 31, 2018

	Program Services				Support Services						2018 Total
	Planning and Appropriations	Community Development	Holocaust Museum/ Community Library	Total Program	Philanthropy	Marketing and Communication	Building Operations	Management and General	Board Controlled		
Salary	\$ 608,600	\$ 1,020,519	\$ 228,627	\$ 1,857,746	\$ 1,060,005	\$ 320,199	\$ 89,611	\$ 950,734	\$ -	\$ 4,278,295	
Medical and dental	55,608	125,946	30,831	212,385	137,126	50,142	16,842	90,225	-	506,720	
Retirement expenses (DB plan)	50,097	83,984	32,050	166,131	52,568	8,624	14,296	59,626	-	301,245	
Retirement expenses (DC plan)	22,405	38,502	9,522	70,429	45,056	10,931	4,475	33,255	-	164,146	
Payroll taxes	37,030	74,693	16,948	128,671	70,609	23,740	5,871	66,062	-	294,953	
Total compensation	773,740	1,343,644	317,978	2,435,362	1,365,364	413,636	131,095	1,199,902	-	5,545,359	
Professional fees	75,895	214,475	89,062	379,432	158,604	90,209	-	224,718	79,536	932,499	
Missions	84,707	246,083	-	330,790	23,216	-	-	12,644	-	366,650	
Travel - local	598	13,931	5,844	20,373	1,158	345	13	6,185	-	28,074	
Supplies and equipment maintenance	1,595	26,023	6,788	34,406	2,633	13,974	20,549	89,339	-	160,901	
Marketing & communication	4,045	190,506	21,019	215,570	222,767	57,984	1,867	21,372	-	519,560	
Events and functions	7,735	112,564	34,883	155,182	222,836	12,387	127	107,846	-	498,378	
Subscriptions and dues	5,698	75,523	1,735	82,956	14,369	244	258	13,013	-	110,840	
Awards/grants/scholarships	-	178,936	9,075	188,011	15,621	-	-	32,238	-	235,870	
Postage/shipping	426	5,294	3,409	9,129	15,607	83	-	25,920	-	50,739	
Telephone	1,572	1,326	-	2,898	-	-	20,304	2,336	-	25,538	
Utilities	-	-	-	-	-	-	68,387	-	-	68,387	
Building operations	-	-	5,040	5,040	-	-	103,366	29,852	-	138,258	
Occupancy	50,193	193,017	95,711	338,921	127,109	48,185	(598,196)	141,645	-	57,664	
Liability insurance	4,213	16,879	5,657	26,749	10,574	4,007	553	36,006	-	77,889	
Miscellaneous	-	1,343	409	1,752	-	-	32,556	50,783	-	85,091	
Interest expense	-	-	-	-	-	-	-	129,745	-	129,745	
Stock/credit card fees	-	-	-	-	47,370	-	-	-	-	47,370	
Bad debt expense	-	-	-	-	74,438	-	-	-	-	74,438	
Depreciation	12,441	55,973	41,328	109,742	31,505	11,943	223,715	33,253	-	410,158	
Inter-company billings	232,929	1,159,823	76,643	1,469,395	(1,382)	(652,997)	(4,594)	(1,060,941)	-	(250,519)	
	1,255,787	3,835,340	714,581	5,805,708	2,331,789	-	-	1,095,856	79,536	9,312,889	
Appropriations	8,368,484	-	-	8,368,484	-	-	-	-	5,346,095	13,714,579	
Total functional expenses	\$ 9,624,271	\$ 3,835,340	\$ 714,581	\$ 14,174,192	\$ 2,331,789	\$ -	\$ -	\$ 1,095,856	\$ 5,425,631	\$ 23,027,468	

Jewish Federation of St. Louis
Consolidated Statement of Functional Expenses (Continued)
December 31, 2017

	Program Services				Support Services						2017 Total
	Planning and Appropriations	Community Development	Holocaust Museum/ Community Library	Total Program	Philanthropy	Marketing and Communication	Building Operations	Management and General	Board Controlled		
Salary	\$ 553,061	\$ 933,791	\$ 215,248	\$ 1,702,100	\$ 1,099,704	\$ 334,456	\$ 177,928	\$ 837,447	\$ -	\$ 4,151,635	
Medical and dental	57,287	102,808	30,038	190,133	116,876	47,093	29,540	78,314	-	461,956	
Retirement expenses (DB plan)	51,500	65,198	43,937	160,635	63,510	10,923	33,633	57,844	-	326,545	
Retirement expenses (DC plan)	21,418	43,737	9,695	74,850	39,579	12,717	8,248	26,890	-	162,284	
Payroll taxes	35,606	65,915	16,246	117,767	71,248	25,373	12,774	60,083	-	287,245	
Total compensation	718,872	1,211,449	315,164	2,245,485	1,390,917	430,562	262,123	1,060,578	-	5,389,665	
Professional fees	109,405	262,239	26,504	398,148	130,559	43,336	1,500	265,582	149,880	989,005	
Missions	2,286	136,496	-	138,782	10,486	-	-	4,664	-	153,932	
Travel - local	1,356	13,029	3,953	18,338	1,355	-	415	6,240	-	26,348	
Supplies and equipment maintenance	473	22,960	8,422	31,855	2,163	11,460	49,932	56,108	-	151,518	
Marketing and communication	2,178	203,331	29,896	235,405	260,667	88,578	3,857	46,271	-	634,778	
Events and functions	15,265	67,337	28,525	111,127	87,764	(1,468)	7,132	68,629	-	273,184	
Subscriptions and dues	6,316	63,609	900	70,825	14,104	411	203	11,028	-	96,571	
Awards/grants/scholarships	15,358	199,503	9,173	224,034	(3,632)	569	-	37,928	-	258,899	
Postage/shipping	796	7,421	7,381	15,598	21,897	5,599	5,807	5,508	-	54,409	
Telephone	1,650	508	-	2,158	-	-	20,883	3,297	-	26,338	
Utilities	-	-	-	-	-	-	60,101	-	-	60,101	
Building operations	-	-	7,735	7,735	-	-	91,771	27,255	-	126,761	
Occupancy	50,333	173,686	79,852	303,871	101,795	38,468	(495,458)	120,045	-	68,721	
Liability insurance	5,085	16,687	6,032	27,804	10,286	3,887	1,419	31,893	-	75,289	
Miscellaneous	200	772	62	1,034	1,000	-	36,840	58,265	231	97,370	
Interest expense	-	-	-	-	127,189	-	-	68,292	-	195,481	
Stock/credit card fees	-	-	-	-	43,858	-	-	-	-	43,858	
Bad debt expense	-	-	-	-	(8,055)	-	-	23,508	-	15,453	
Depreciation	14,463	57,153	38,125	109,741	29,254	11,055	143,526	17,457	3,930	314,963	
Inter-company billings	216,821	1,030,142	78,700	1,325,663	36,497	(632,457)	(190,051)	(798,595)	-	(258,943)	
	1,160,857	3,466,322	640,424	5,267,603	2,258,104	-	-	1,113,953	154,041	8,793,701	
Appropriations	7,194,062	-	-	7,194,062	-	-	-	-	14,752,500	21,946,562	
Total functional expenses	\$ 8,354,919	\$ 3,466,322	\$ 640,424	\$ 12,461,665	\$ 2,258,104	\$ -	\$ -	\$ 1,113,953	\$ 14,906,541	\$ 30,740,263	

Jewish Federation of St. Louis
Consolidated Statements of Cash Flows
December 31, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (11,838,561)	\$ 5,808,456
Items not requiring (providing) operating activities cash flows		
Depreciation	410,158	314,963
Net realized and unrealized gains on investments	6,447,485	(12,969,957)
Contributions restricted for long-term purposes	(2,750,000)	(4,137,935)
Change in value of split interest agreements	148,756	(112,643)
Forgiveness of note receivable	1,573,945	-
Pension related charges other than net periodic pension costs	(108,290)	156,352
Change in discount on contribution receivable	252,801	350,357
Change in discount on grants payable	186,060	9,583
Provision for recovery of uncollectible receivables	74,438	15,453
Changes in		
Receivables	4,361,990	(4,782,355)
Prepaid expenses	(51,380)	100,361
Allocations paid in advance	-	1,500,000
Accounts payable	381,373	254,405
Grants payable	(2,361,686)	3,825,100
Accrued expenses	154,825	(168,887)
Obligations under split-interest agreements	(107,729)	332,347
Funds held in custody for others	346,512	2,596,351
Net cash used in operating activities	(2,879,303)	(6,908,049)
Investing Activities		
Collections of notes receivable	2,292,047	30,000
Payments for notes receivable	-	(3,835,992)
Purchase of property and equipment	(3,293,189)	(1,048,800)
Purchases of investments	(106,907,941)	(103,322,473)
Proceeds from sales of investments	101,982,884	111,388,996
Net cash provided by (used in) investing activities	(5,926,199)	3,211,731
Financing Activities		
Net proceeds on line of credit	1,986,737	1,579,074
Proceeds from note payable	2,170,700	-
Payments on note payable	(412,055)	-
Contributions restricted for long term purposes	2,750,000	4,137,935
Payments of obligations under split-interest agreements	(229,768)	(218,259)
Net cash provided by financing activities	6,265,614	5,498,750
Increase (Decrease) in Cash and Cash Equivalents	(2,539,888)	1,802,432
Cash and Cash Equivalents, Beginning of Year	2,867,484	1,065,052
Cash and Cash Equivalents, End of Year	\$ 327,596	\$ 2,867,484
Supplemental Cash Flows Information		
Interest paid	\$ 129,745	\$ 72,527
Note receivable offset with grant payable	\$ -	\$ 1,000,000
Note receivable offset with note payable	\$ -	\$ 7,613,437
Property and equipment in accounts payable	\$ -	\$ 341,551

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Jewish Federation of St. Louis (the “Federation”) is a not-for-profit organization established for the purpose of soliciting, collecting and distributing contributions for the benefit of all Jewish charitable, social welfare, cultural, educational and philanthropic organizations and for providing certain asset management and general services to beneficiary agencies. The beneficiary agencies are legally separate operating entities distinct from the Federation and, as such, maintain their own accounting records and carry on their own services and programs. The activities of such agencies are not included in these consolidated financial statements.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts and operations of the Lubin-Green Foundation, the Staenberg Family Foundation and the Kranzberg Foundation (the “Supporting Organizations”). The Supporting Organizations are separate not-for-profit entities, organized under Section 509(a)(3) of the Internal Revenue Code, and operated to carry out the purposes of the Federation. The Federation appoints a majority of the members of the Supporting Organizations’ boards of directors, and provides all administrative services for the Supporting Organizations. All significant transactions between the Federation and the Supporting Organizations have been eliminated.

In addition, the accompanying consolidated financial statements include the accounts and operations of the Women’s Auxiliary Foundation for the Jewish Aged, LLC. This Foundation is organized as a Single Member LLC, of which the Federation is the sole owner.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Federation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018 and 2017, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At December 31, 2018, the Federation’s cash accounts exceeded federally insured limits by approximately \$46,000.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

**Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)**

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value at time of donation, if acquired by contribution, or fair value.

Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Federation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Certain investments of nonpublicly traded real estate limited partnerships totaling approximately \$4,846,000 and \$4,788,000 at December 31, 2018 and 2017, respectively, are carried at the lower of cost or fair value. Cost for real estate limited partnership investments, if contributed, are based on the fair value of the investments as determined by an independent appraisal at the date of the gift.

Investments in life insurance policies are carried at net cash surrender value. Changes in cash surrender value (realized and unrealized) are recorded in the consolidated statements of activities.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and building improvements	5-45 years
Holocaust Museum building improvements	33 years
Furniture, fixtures and equipment	3-12 years

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

**Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)**

Regular Campaign Pledges Restricted for Subsequent Year

Solicitation for the Federation’s annual campaign begins prior to the fiscal operating year to which it relates. Campaign pledges and related cash contributions received between commencement of the annual campaign and December 31 each year are initially recorded as “regular campaign pledges restricted for subsequent year” in the with donor restrictions net asset class. Such pledges are reclassified to without donor restrictions net assets – regular campaign revenue at the beginning of the year to which they relate.

Appropriations to Beneficiary Agencies and the Jewish Federations of North America

Appropriations to beneficiary agencies are recorded in the without donor restrictions net asset class when approved by the board of directors of the Federation. Appropriations are typically paid to beneficiary agencies in the year following the campaign from which they are funded and are reflected as accounts payable to beneficiary agencies in the accompanying consolidated financial statements. In instances when a payment is made for an upcoming allocation year, this is reflected within the allocations paid in advance asset account. The Federation uses appropriations to the Jewish Federations of North America for directing national and international funds.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for use at discretion of the board and board-designated endowment. Net assets with donor restrictions are subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Pledges and Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restriction. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Gifts and net investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

**Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restriction unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in release of net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Income Taxes

The Federation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Federation is subject to income tax on any unrelated business taxable income.

The Federation files tax returns in the U.S. federal jurisdiction and certain states.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management, fund raising, marketing, information technology and building operations categories based on the best estimate of management.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the 2018 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 2: Change in Accounting Principle

In 2018, the Federation adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Consolidated Statements of Financial Position

- The consolidated statements of financial position distinguish between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily and permanently restricted.
- Underwater donor-restricted endowment funds are shown within the donor-restricted net asset class. This is a change from the previously required classification as unrestricted net assets.

Consolidated Statement of Functional Expenses

- Functional expenses have been moved from supplementary information to be included as a statement within the consolidated financial statements.

Notes to the Consolidated Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the Consolidated Statement of Financial Position.
- Amounts and purposes of Governing Board designations and appropriations as of the end of the period are disclosed.

This change had no impact on previously reported total change in net assets.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017:

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

	Fair Value Measurements Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV ^(A)
December 31, 2018					
Assets					
Cash equivalents	\$ 6,075,338	\$ 6,075,338	\$ -	\$ -	\$ -
Capital preservation and U.S. government obligations	1,857,581	1,857,581	-	-	-
State of Israel bonds	3,833,621	-	3,833,621	-	-
Global fixed income	9,472,019	9,472,019	-	-	-
United States equity	29,989,039	29,989,039	-	-	-
International equity	97,169	97,169	-	-	-
Corporate bond	1,160,179	-	1,160,179	-	-
Real estate, at fair value	123,360	-	-	123,360	-
Alternative investments	82,829,244	-	2,248,676	-	80,580,568
Real estate, at cost (B)	4,846,066	-	-	-	-
Cash surrender value of life insurance policies (B)	1,329,146	-	-	-	-
Other investments at cost (B)	34,007	-	-	-	-
	<u>\$ 141,646,769</u>	<u>\$ 47,491,146</u>	<u>\$ 7,242,476</u>	<u>\$ 123,360</u>	<u>\$ 80,580,568</u>
Beneficial interest in charitable remainder unitrusts	<u>\$ 78,856</u>	<u>\$ -</u>	<u>\$ 78,856</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Split-interest obligations to beneficiaries and others	<u>\$ 1,928,369</u>	<u>\$ -</u>	<u>\$ 1,928,369</u>	<u>\$ -</u>	<u>\$ -</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

	Fair Value Measurements Using				Investments Measured at NAV ^(A)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2017					
Assets					
Cash equivalents	\$ 5,892,862	\$ 5,892,862	\$ -	\$ -	\$ -
Capital preservation and U.S. government obligations	1,769,280	1,769,280	-	-	-
State of Israel bonds	834,461	-	834,461	-	-
Global fixed income	14,256,113	14,256,113	-	-	-
United States equity	36,448,825	35,844,036	604,789	-	-
International equity	131,225	131,225	-	-	-
Real estate, at fair value	123,360	-	-	123,360	-
Alternative investments	77,532,903	3,285,504	4,036,707	-	70,210,692
Real estate, at cost (B)	4,787,854	-	-	-	-
Cash surrender value of life insurance policies (B)	1,358,307	-	-	-	-
Other investments at cost (B)	34,007	-	-	-	-
	<u>\$ 143,169,197</u>	<u>\$ 61,179,020</u>	<u>\$ 5,475,957</u>	<u>\$ 123,360</u>	<u>\$ 70,210,692</u>
Beneficial interest in charitable remainder unitrusts	<u>\$ 76,928</u>	<u>\$ -</u>	<u>\$ 76,928</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Split-interest obligations to beneficiaries and others	<u>\$ 2,171,700</u>	<u>\$ -</u>	<u>\$ 2,171,700</u>	<u>\$ -</u>	<u>\$ -</u>

(A) Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(B) Certain investments are carried at lower of cost or fair value and therefore have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 investments.

Beneficial Interest in Charitable Remainder Unitrusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement.

Split-Interest Obligations to Beneficiaries and Others

The yield in certain trusts is affected by the volatility of the market rate of the investments in which the Federation is investing the trust assets. Fair value is estimated using inputs that are consistent with those assets held for annuity and trust agreements as these liabilities are directly related to their respective assets.

Real Estate

This category includes investments in real estate. The pricing of these securities are subject to unobservable inputs. Due to the nature of the valuation inputs, these investments are classified within Level 3 of the hierarchy of the Federation. The valuation technique used is each property's assessed value based on real estate market records.

Level 3 Valuation Process

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management relies on a third party to generate fair value estimates on a quarterly or annual basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

Level 3 Reconciliation

For investments of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs, total fair value at January 1, 2017 was \$13,516,468. During 2017 there were sales of \$13,393,108 resulting in an ending balance of \$123,360 at December 31, 2017. There was no activity during 2018 and the balance remained \$123,360 at December 31, 2018.

Alternative Investments

Investments in certain entities measured at fair value using the NAV per share as a practical expedient consist of the following:

	2018	2017	Unfunded Commitments December 31, 2018	Redemption Frequency	Redemption Notice Period
US equity (A)	\$ 10,902,805	\$ 5,221,734	\$ -	Quarterly	60 days
US equity (A)	3,080,451	3,083,441	-	N/A	N/A
US equity (A)	2,001,022	1,878,047	-	Quarterly	90 days
US equity (A)	2,644,200	2,656,000	-	Annually	120 days
US equity (A)	4,020,956	4,554,737	-	Monthly	45 days
US equity (A)	1,007,807	158,682	2,503,373	N/A	N/A
US equity (A)	2,673,010	2,658,066	-	N/A	60 days
US equity (A)	1,997,609	-	-	Monthly	7 days
US equity (A)	2,504,534	-	-	Monthly	10 days
US equity (A)	2,560,628	2,246,995	-	Monthly	60 days
International equity (A)	8,103,263	8,330,445	-	Monthly	45 days
International equity (A)	8,237,915	8,087,714	-	Monthly	5 days
International equity (A)	5,887,367	6,879,434	-	Monthly	30 days
International equity (A)	3,167,575	3,903,988	-	Monthly	10 days
Absolute return (B)	55,738	59,090	-	Annual	45-90 days
Absolute return (B)	216,871	156,737	-	Quarterly	60-65 days
Absolute return (B)	-	10,404	-	Quarterly	45 days
Absolute return (B)	3,263,030	2,270,339	-	Quarterly	85 days
Commodities (C)	6,900,926	7,490,544	3,029,940	N/A	N/A
Private debt (D)	6,979,450	6,553,386	2,689,440	N/A	N/A
Private equity (D)	4,375,411	4,010,909	1,594,070	N/A	N/A
Ending Balance	<u>\$ 80,580,568</u>	<u>\$ 70,210,692</u>	<u>\$ 9,816,823</u>		

(A) United States Equity and International Equity funds include long-term investments in domestic securities and foreign securities, respectively. In this category, units were priced daily but the fund manager imposed certain liquidity restrictions on participants.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

- (B) Absolute Return funds invest in diversified portfolios designed to provide a less correlated source of return than fixed income and equity strategies. The strategy is implemented with a wide array of financial instruments, both domestic and global, including equities, fixed income and derivatives. Managers may leverage portfolios, sell financial instruments short, and/or invest selectively in illiquid investments.
- (C) Commodities take positions in a variety of commodities, commodity futures, as well as equity securities closely correlated with the performance of such assets, including energy related companies. Investing in commodities provides additional diversification as well as a hedge against inflation. In this category, units were priced daily but the fund manager imposed certain liquidity restrictions on participants.
- (D) Private debt and equity funds includes investments in funds of funds holding underlying positions in funds owning private assets. Underlying investments are valued quarterly and annually and have restrictive liquidity provisions. Investing in private debt and equity funds provides diversification, growth potential and wider market access to the overall portfolio.

Note 4: Campaign Pledges Receivable

At December 31, campaign pledges receivable all due currently consisted of the following campaigns:

	<u>2018</u>	<u>2017</u>
Annual	\$ 2,441,258	\$ 2,167,275
Passage to Freedom	15,000	15,000
Other	<u>6,822</u>	<u>10,030</u>
	2,463,080	2,192,305
Less allowance for uncollectible pledge receivables	<u>461,205</u>	<u>447,786</u>
Total Pledge Receivable, net of allowance	<u><u>\$ 2,001,875</u></u>	<u><u>\$ 1,744,519</u></u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 4: Campaign Pledges Receivable (Continued)

The annual campaign pledges receivable consisted of pledges from the following annual campaign years:

	<u>2018</u>	<u>2017</u>
Campaign year		
2019 and future	\$ 403,834	\$ -
2018	1,326,207	293,846
2017	128,905	1,231,892
2016	60,820	93,197
2015	32,910	51,866
2014	-	7,892
2013 and prior	488,582	488,582
Total annual campaign receivable	<u>\$ 2,441,258</u>	<u>\$ 2,167,275</u>

Note 5: Contributions Receivable

Contributions receivable consisted of the following:

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$ 45,603	\$ 1,586,501	\$ 1,632,104
Due in one to five years	-	1,100,000	1,100,000
Due in more than five years	-	5,846,793	5,846,793
	45,603	8,533,294	8,578,897
Less			
Unamortized discount	-	2,041,723	2,041,723
	<u>\$ 45,603</u>	<u>\$ 6,491,571</u>	<u>\$ 6,537,174</u>
	<u>2017</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$ 65,570	\$ 7,348,958	\$ 7,414,528
Due in one to five years	-	1,400,000	1,400,000
Due in more than five years	-	4,376,079	4,376,079
	65,570	13,125,037	13,190,607
Less			
Unamortized discount	-	1,788,922	1,788,922
	<u>\$ 65,570</u>	<u>\$ 11,336,115</u>	<u>\$ 11,401,685</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 5: Contributions Receivable (Continued)

Discount rates ranged from 3.59 percent to 5.80 percent for 2018 and from 3.59 percent to 6.05 percent for 2017.

Included within contributions receivable are two beneficial interest in charitable remainder trusts carried at fair value of \$78,856 and \$76,928 at December 31, 2018 and 2017, respectively. Approximately 70 percent of contributions receivable net of discount were from four donors and 90 percent from three donors at December 31, 2018 and 2017, respectively.

Note 6: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2018</u>	<u>2017</u>
Building and building improvements	\$ 9,187,686	\$ 5,246,128
Holocaust Museum building improvements	666,249	666,249
Furniture, fixtures and equipment	3,723,738	3,211,434
Construction in progress	196,071	1,352,130
	<u>13,773,744</u>	<u>10,475,941</u>
Less accumulated depreciation	6,692,094	6,277,322
	<u>\$ 7,081,650</u>	<u>\$ 4,198,619</u>

Note 7: Notes Receivable

Notes receivable at December 31, consists of:

	<u>2018</u>	<u>2017</u>
St. Louis Hillel at Washington University Unsecured note, interest at 5% due monthly, principal due December 31, 2017	\$ -	\$ 30,000
Jewish Community Center - Denver Unsecured note, interest at 4% due upon maturity, originally due June 29, 2022	-	1,020,000
Jewish Community Center - Denver Unsecured note, interest at 2.25% due upon maturity, originally due August 31, 2024	-	2,815,992
	<u>\$ -</u>	<u>\$ 3,865,992</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 7: Notes Receivable (Continued)

During 2018, the Federation received payment of \$30,000 from St. Louis Hillel at Washington University. The Federation received payment of \$2,262,047 in connection with the Jewish Community Center – Denver receivables. The remaining balance of \$1,573,945 was forgiven by the Federation and no payment was received. This was recorded as a distribution to national agencies. As a result, at December 31, 2018, the Federation had no outstanding notes receivable.

Note 8: Line of Credit

The Federation has an unsecured line of credit agreement with US Bank which allows it to borrow up to \$5,000,000 with interest accruing at the one-month LIBOR rate plus 1.5 percent. The interest rate for the line of credit was 3.88 percent and 2.86 percent at December 31, 2018 and 2017, respectively. The amounts outstanding at December 31, 2018 and 2017, were \$4,183,682 and \$2,196,945, respectively. The line of credit is due September 2019.

Note 9: Note Payable

During 2018, in conjunction with the renewal of the line of credit, the Federation renewed an unsecured multiple advance term note payable with US Bank which allows it to borrow up to \$2,500,000 with interest accruing at the one-month LIBOR rate plus 1.5 percent. The interest rate for the line of credit was 3.88 percent and 2.86 percent at December 31, 2018 and 2017, respectively. The amount outstanding at December 31, 2018, was \$1,758,645. Proceeds were used for the acquisition of building and equipment. There were no borrowings on the note payable as of December 31, 2017. The note payable is due September 2019.

Note 10: Grants Payable

At December 31, grants payable expected to be paid in the future consisted of the following:

	2018	2017
Grants payable	\$ 5,190,514	\$ 7,552,200
Less unamortized discount	113,989	300,049
Net grants payable	\$ 5,076,525	\$ 7,252,151

Included in total grants payable before eliminations were commitments made by the supporting organizations of \$6,178,409 and \$7,718,456 at December 31, 2018 and 2017, respectively.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 10: Grants Payable (Continued)

The scheduled payments of grants as of December 31, 2018, are as follows:

2019	\$ 4,049,314
2020	316,200
2021	275,000
2022	275,000
2023	275,000
Thereafter	-
	<u>\$ 5,190,514</u>

Note 11: Split-Interest Agreements

The Federation administers annuity trusts subject to the obligation to pay stipulated amounts periodically to the respective donors or designated beneficiaries during their lifetimes. Assets received under these agreements are recorded at fair value on the date the agreement or trust is recognized, and a liability is recorded at the present value of the estimated future obligations over the period of the agreement or mortality rates if applicable. The difference between the assets received and obligations recorded is recognized as contribution revenue. The obligations are discounted at 3.8 percent at December 31, 2018 and 2017. Marketable securities valued at \$2,577,790 and \$2,967,855 at December 31, 2018 and 2017, respectively, were available to fund annuity obligations.

Note 12: Funds Held in Custody for Others

Funds held in custody for others include investments of various beneficiary agencies and other organizations which participate in the pooled investment program of the Federation, which are related parties. These agencies and organizations retain the authority to withdraw these funds at any time with certain advance notice. Funds held in custody for others also include the estimated amount to be distributed to other organizations upon the death of a donor annuity beneficiary and amounts to be distributed in accordance with the Passport to Israel program.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 13: Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Undesignated		
Net investment in building and equipment	\$ 7,081,650	\$ 4,198,619
Undesignated	(10,514,701)	(7,232,631)
Board-controlled endowments and other		
Philanthropic funds	8,635,395	9,985,513
Board designated as endowment	8,294,109	9,009,952
Board designated as future use	25,848,337	29,759,368
Other	15,696,099	22,834,122
	<u>\$ 55,040,889</u>	<u>\$ 68,554,943</u>

Board controlled net assets are designated by the board of directors to function as endowments, and philanthropic funds representing irrevocable gifts to the Federation. Principal and income of philanthropic funds must be redistributed to qualifying charitable organizations; however, the Federation retains full discretion as to the distribution.

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for a specified purpose		
Acquisition of building and equipment	\$ 2,199,382	\$ 3,992,016
Pledges restricted for subsequent year	816,564	596,350
Other time and purpose restricted funds	1,256,805	2,056,568
Assets held under split-interest agreements	1,025,451	790,545
	<u>5,298,202</u>	<u>7,435,479</u>
Subject to endowment spending policy and appropriation		
Restricted by donors for general use	56,604,749	52,791,979
	<u>\$ 61,902,951</u>	<u>\$ 60,227,458</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 14: Endowment

The Federation’s endowment consists of approximately 250 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Federation’s governing body is subject to the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net asset to net asset without donor restrictions. The governing body of the Federation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Federation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Federation has interpreted SPMIFA to not spend from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Federation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Federation
7. Investment policies of the Federation

The composition of net assets by type of endowment fund at December 31, 2018 and 2017, was:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 48,682,156	\$ -	\$ 48,682,156
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	30,880,580	30,880,580
Accumulated investment gains	-	10,086,239	10,086,239
Other donor restricted gifts held in endowment until spent	-	15,637,930	15,637,930
	<u>\$ 48,682,156</u>	<u>\$ 56,604,749</u>	<u>\$ 105,286,905</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 14: Endowment (Continued)

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 50,086,015	\$ -	\$ 50,086,015
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	30,681,422	30,681,422
Accumulated investment gains	-	10,356,275	10,356,275
Other donor restricted gifts held in endowment until spent	-	11,754,282	11,754,282
	<u>\$ 50,086,015</u>	<u>\$ 52,791,979</u>	<u>\$ 102,877,994</u>

Changes in endowment net assets for the years ended December 31, 2018, were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2016	\$ 46,496,693	\$ 45,400,383	\$ 91,897,076
Investment return			
Interest and dividends, net of fees	694,471	327,136	1,021,607
Realized gains	3,327,243	2,508,242	5,835,485
Unrealized gains	1,992,645	2,501,866	4,494,511
Total investment return	6,014,359	5,337,244	11,351,603
Contributions	3,379,572	4,854,802	8,234,374
Appropriation of endowment assets for expenditure	(5,804,609)	(2,800,450)	(8,605,059)
Endowment net assets, December 31, 2017	50,086,015	52,791,979	102,877,994
Investment return			
Interest and dividends, net of fees	733,404	28,626	762,030
Realized gains	3,047,310	1,137,365	4,184,675
Unrealized losses	(5,281,713)	(2,247,789)	(7,529,502)
Total investment return	(1,500,999)	(1,081,798)	(2,582,797)
Contributions	1,922,850	5,771,175	7,694,025
Appropriation of endowment assets for expenditure	(1,825,710)	(876,607)	(2,702,317)
Endowment net assets, December 31, 2018	<u>\$ 48,682,156</u>	<u>\$ 56,604,749</u>	<u>\$ 105,286,905</u>

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 14: Endowment (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Federation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. At December 31, 2018, funds with original gift values of \$4,537,331, fair values of \$4,334,034, and deficiencies of \$203,297, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. There were no deficiencies at December 31, 2017.

The Federation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior eight quarters through the calendar year-end proceeding the calendar year prior to the year distribution is planned. In establishing this policy, the Federation considered the long-term expected return on its endowment.

The primary investment objective of the portfolio is an emphasis on capital appreciation with modest current income. The portfolio seeks to maximize potential return consistent with minimizing overall volatility in the context of these guidelines. The total rate of return for individual investment styles will be compared to their appropriate index.

Note 15: Related-Party Transactions

Certain individuals who serve on the board of directors of the Federation also serve on the boards of directors of the recipient local beneficiary agencies. The Federation appropriates amounts to various local beneficiary agencies based on budgets submitted to the Federation's Planning and Allocations Committee for approval, which are related party transactions.

Periodically, the Federation has a member of its board of directors serve on the board of directors of the Jewish Federations of North America. As such, transactions and balances with the Jewish Federations of North America are considered related party transactions.

The members of the Federation's board of directors generously support the Federation. The approximate amount of board support included in pledges and contributions for the years ended December 31, 2018 and 2017, was approximately \$2,833,000 and \$800,000, respectively, and the approximate amount of the pledges and contributions receivable due from board members was approximately \$1,798,000 and \$155,000 at December 31, 2018 and 2017, respectively.

Additional net receivables resulting from long-term deferred gifts were approximately \$6.7 million at December 31, 2017, which was received in 2018. Besides the receivables from members of the board of directors, there were no additional receivables from related parties at December 31, 2018.

During the years ended December 31, 2018 and 2017, the Federation billed several local beneficiary agencies amounts representing their share of certain administrative expenses. Receivables from beneficiary agencies include billings for services provided to such agencies, and other loans or advances.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 16: Operating Leases

The Federation leases office space for various local beneficiary agencies from the Community Housing Association, Inc., a beneficiary agency. Annual rent expense in 2018 and 2017 was \$52,346.

Future minimum lease payments under operating leases are:

2019	\$	52,346
2020		52,346
2021		<u>34,897</u>
Total minimum lease payments	\$	<u><u>139,589</u></u>

Note 17: Pension and Other Postretirement Benefit Plans

Defined Contribution Plan

Effective July 1, 2011, the Federation adopted an ERISA 403(b) plan with a match and a discretionary employer contribution component. The Federation makes matching contributions of 50 percent of employees' contributions, up to 4 percent of compensation, to all eligible employees. Matching contributions were \$60,406 and \$54,531 in 2018 and 2017, respectively. In addition, prior to January 1, 2017, all employees hired after February 2011, with one year of service and employed on the last day of the year, were eligible for an employer discretionary contribution. January 1, 2017, the plan was amended and a discretionary contribution is no longer made. The amendment included a 3 percent qualified nonelective employer contribution for all participants who are active any time during the plan year. The nonelective employer contributions for 2018 and 2017 were \$103,741 and \$107,753, respectively.

Defined Benefit Plan

The Federation has a noncontributory defined benefit pension and disability plan (the "Plan") covering all employees hired prior to February 2011. The Plan's benefits are based primarily on years of service and average employee compensation near retirement. Plan costs are funded as they accrue. In February 2011, the board of directors approved freezing the Plan to new entrants and amended the future benefit accrual as of July 1, 2011. Annual contributions to the Plan are determined by an actuary using the aggregate actuarial cost method which is designed to meet the full annual current costs of the Plan. On April 21, 2016, the board of directors of the Federation approved the freezing of benefit accruals for the Plan effective June 30, 2016. Total expected contributions to the Plan in 2019 are \$209,654.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

The Federation uses a December 31, measurement date for the plans. Information about the plan's funded status follows:

	2018	2017
Projected benefit obligation	\$ 7,402,956	\$ 7,769,813
Fair value of plan assets	4,844,837	5,024,533
Funded status	<u>\$ (2,558,119)</u>	<u>\$ (2,745,280)</u>

Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

	2018	2017
Net loss	\$ 1,274,591	\$ 1,389,519
Prior service cost	-	-
	<u>\$ 1,274,591</u>	<u>\$ 1,389,519</u>

The accumulated benefit obligation for the defined benefit pension plans was \$7,402,956 and \$7,769,813 at December 31, 2018 and 2017, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2018	2017
Projected benefit obligation	\$ 7,402,956	\$ 7,769,813
Accumulated benefit obligation	\$ 7,402,956	\$ 7,769,813
Fair value of plan assets	\$ 4,844,837	\$ 5,024,533

Other significant balances and costs are:

	2018	2017
Employer contributions	\$ 239,173	\$ 166,138
Benefits paid	\$ 127,873	\$ 309,996
Net periodic benefit costs	\$ 166,940	\$ 189,297

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

Significant assumptions include:

	<u>2018</u>	<u>2017</u>
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4.15%	3.60%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine benefit costs		
Discount rate	3.60%	4.15%
Expected return on plan assets	5.75%	5.75%
Rate of compensation increase	N/A	N/A

The Federation has estimated the long-term rate of return on plan assets based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The asset allocation percentages as of December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	3.67%	3.88%
Mutual funds		
Large cap	28.51%	31.67%
Mid cap	9.28%	10.48%
International	8.94%	10.50%
Fixed income/bond funds	49.60%	43.47%
	<u>100%</u>	<u>100%</u>

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include cash, cash equivalents and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There were no Level 2 or Level 3 assets at December 31, 2018 or 2017.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the Federation's pension plan assets at December 31, 2018 and 2017, by asset class are as follows:

	Total	2018		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 177,837	\$ 177,837	\$ -	\$ -
Mutual funds				
Large cap	1,381,485	1,381,485	-	-
Mid cap	449,538	449,538	-	-
International	433,111	433,111	-	-
Fixed income/bond funds	2,402,866	2,402,866	-	-
Total assets	\$ 4,844,837	\$ 4,844,837	\$ -	\$ -
	Total	2017		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 195,267	\$ 195,267	\$ -	\$ -
Mutual funds				
Large cap	1,591,195	1,591,195	-	-
Mid cap	526,554	526,554	-	-
International	527,379	527,379	-	-
Fixed income/bond funds	2,184,138	2,184,138	-	-
Total assets	\$ 5,024,533	\$ 5,024,533	\$ -	\$ -

The Federation's Investment Policy has been to allow the Plan's Custodian to allocate Plan assets based on the demographics of Plan participants and expected future outflows.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2018:

2019	\$ 1,010,000
2020	\$ 190,000
2021	\$ 400,000
2022	\$ 470,000
2023	\$ 260,000
2024-2028	\$ 2,760,000

Defined Benefit Plan – CAJE Acquisition

On July 1, 2015, the Federation assumed sponsorship of a defined benefit retirement plan (the “Plan”) through the acquisition of the Central Agency for Jewish Education (CAJE). The Plan’s benefits are based primarily on years of service and average employee compensation near retirement. The Plan was frozen for new entrants and future benefit accruals effective January 1, 2000. Annual contributions to the Plan are determined by an actuary using the aggregate actuarial cost method which is designed to meet the full annual current costs of the Plan. Total expected contributions to the Plan in 2019 are \$15,209.

The Federation uses a December 31, measurement date for the Plans. Information about the Plan’s funded status follows:

	<u>2018</u>	<u>2017</u>
Benefit obligation, both projected and accumulated	\$ 814,213	\$ 882,642
Fair value of plan assets	<u>584,230</u>	<u>644,338</u>
Funded status	<u>\$ (229,983)</u>	<u>\$ (238,304)</u>

Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

	<u>2018</u>	<u>2017</u>
Net loss	\$ 87,117	\$ 75,506
Prior service cost	<u>-</u>	<u>-</u>
	<u>\$ 87,117</u>	<u>\$ 75,506</u>

The accumulated benefit obligation for the defined benefit pension plans was \$814,213 and \$882,642 at December 31, 2018 and 2017, respectively.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2018	2017
Projected benefit obligation	\$ 814,213	\$ 882,642
Accumulated benefit obligation	\$ 814,213	\$ 882,642
Fair value of plan assets	\$ 584,230	\$ 644,338

Other significant balances and costs are:

	2018	2017
Employer contributions	\$ 32,884	\$ 17,992
Benefits paid	\$ 99,096	\$ 42,199
Net periodic benefit costs	\$ 6,314	\$ 3,565

Significant assumptions include:

	2018	2017
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.60%	3.15%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine benefit costs		
Discount rate	3.15%	3.30%
Expected return on plan assets	4.00%	4.00%
Rate of compensation increase	N/A	N/A

The expected long-term return on plan assets assumption was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – *Selection of Economic Assumptions for Measuring Pension Obligations*. A best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on Jewish Federation of St. Louis’ historical 30-year period rolling averages. An average inflation rate within the range was selected. The asset allocation percentages as of December 31 are as follows:

	2018	2017
Cash Equivalents Guaranteed Investment Contract	100.00%	100.00%

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 17: Pension and Other Postretirement Benefit Plans (Continued)

Pension Plan Assets

The fair values of the Federation’s pension plan assets at December 31, 2018 and 2017, are considered Level 1.

The Federation’s Investment Policy has been to allow the Plan’s Custodian to allocate Plan assets based on the demographics of plan participants and expected future outflows.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2018:

2019	\$ 103,000
2020	\$ 108,000
2021	\$ 107,000
2022	\$ 33,000
2023	\$ 33,000
2024-2028	\$ 303,000

Note 18: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Total financial assets	\$ 144,179,136
Less donor imposed restrictions	
Endowments	56,604,749
Net financial assets after donor-imposed restrictions	87,574,387
Less internal designations	
Board designated endowment	8,294,109
Supporting organizations	16,017,867
Philanthropic funds	8,635,395
Other	14,121,177
Financial assets available to meet cash needs for general expenditures within one year	\$ 40,505,839 *

*Includes board controlled funds of \$11,405,392

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 18: Liquidity and Availability (Continued)

The Federation receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2018, restricted contributions of \$10,000 were included in the financial assets available to meet cash needs for general expenditures within one year.

The Federation's endowments funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from the donor-restricted endowments is restricted for specific purposes, with the exception of the amounts of available for general use. Donor-restricted endowments funds are not available for general expenditure.

The board-designated endowment of \$8,294,109 is subject to an annual spending rate of 5 percent. Although the Federation does not intend to spend the board designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Federation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Federation forecasts its future cash flows and monitors liquidity and cash reserves quarterly. To help manage unanticipated liquidity needs, the Federation has a committed line of credit in the amount of \$5,000,000, which it could draw upon. As of December 31, 2018, the balance of the line of credit was \$4,183,681.

Note 19: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 35 percent of all contributions were received from two donors in 2018. Approximately 40 percent of all contributions were received from two donors in 2017.

Pension and Other Postretirement Benefit Obligations

The Federation has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Jewish Federation of St. Louis
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 19: Significant Estimates and Concentrations (Continued)

Investments

The Federation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Note 20: Subsequent Event

Subsequent events have been evaluated through June 3, 2019, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Jewish Federation of St. Louis
Appropriations to Beneficiary and Other Agencies
Years Ended December 31, 2018 and 2017

	2018		2017	
	Without Donor Restrictions Allocation - Local Agencies	Strategic Program Grants	Without Donor Restrictions Allocation - Local Agencies	Strategic Program Grants
Ashreinu	\$ -	\$ 4,000	\$ -	\$ 15,000
B'nai Brith Hillel Foundation	167,000	70,000	167,042	70,000
Chabad on Campus	-	111,000	-	112,548
Community Aging Corporation	70,000	85,980	69,887	8,280
Congregations	-	40,000	-	38,500
Day School Funding Pool:				
Bais Yakov	40,810	-	50,500	-
H. F. Epstein Hebrew Academy	91,280	-	96,000	-
Saul Mirowitz Community Day School	201,635	-	188,000	-
Torah Prep School	223,870	-	187,500	-
Yashivat Kadimah	20,905	-	28,500	-
The Gladys & Henry Crown Center for Senior Living	-	68,000	-	67,650
Inclusion Mini Grants	-	-	-	52,899
Initiatives				
Engaging Family with Young Children	-	-	-	13,037
Enhancing Jewish Early Childhood	-	-	-	9,488
Feasibility Study	-	-	-	28,534
Jewish Neighborhood Center	-	30,000	-	20,000
Poverty Initiative	-	100,000	-	40,000
Teen Initiative	-	-	-	58,274
Innovation Grants			-	-
Jewish Community Center	1,000,000	162,500	991,405	230,206
Jewish Community Relations Council	285,000	-	285,055	-
Jewish Family and Children's Service	330,000	397,020	329,603	274,407
Jewish Federations of North America:				
Domestic Agencies	-	148,000	-	200,000
Overseas Agencies	-	619,260	-	651,412
Jewish Student Union	-	38,500	-	38,500
MERS/Goodwill Industries	21,000	86,000	20,952	105,497
National Council of Jewish Women	-	-	-	35,000
Next Dor	-	20,000	-	20,000
Sherut Leumi	-	-	-	30,000
St. Louis Jewish Light	-	1,000,000	77,170	-
St. Louis Kollel	-	15,000	-	15,000
Torah MiTzion Kollel	-	30,000	-	-
Discretionary	8,500	26,211	-	12,686
	\$ 2,460,000	\$ 3,051,471	\$ 2,491,614	\$ 2,146,918

Jewish Federation of St. Louis
Consolidating Statement of Financial Position
Year Ended December 31, 2018

	Jewish Federation St. Louis	Supporting Organization	Total Before Eliminations	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 274,029	\$ 53,567	\$ 327,596	\$ -	\$ 327,596
Receivables					
Campaign pledges, net of allowance	2,001,875	-	2,001,875	-	2,001,875
Other	202,896	-	202,896	-	202,896
Prepaid expenses	121,133	-	121,133	-	121,133
Building and equipment, net	6,813,347	268,303	7,081,650	-	7,081,650
Contributions receivable, net	7,990,017	-	7,990,017	(1,452,843)	6,537,174
Long-term investments	112,380,967	29,265,802	141,646,769	-	141,646,769
Due from supporting organizations	38,434	-	38,434	(38,434)	-
Total assets	<u>\$ 129,822,698</u>	<u>\$ 29,587,672</u>	<u>\$ 159,410,370</u>	<u>\$ (1,491,277)</u>	<u>\$ 157,919,093</u>
Liabilities					
Account payable					
Beneficiary agencies	\$ 2,892,611	\$ -	\$ 2,892,611	\$ -	\$ 2,892,611
The Jewish Federations of North America	86,370	-	86,370	-	86,370
Other	338,071	59,560	397,631	-	397,631
Grants payable	350,959	6,178,409	6,529,368	(1,452,843)	5,076,525
Accrued expenses	581,460	-	581,460	-	581,460
Accrued pension obligation	2,788,102	-	2,788,102	-	2,788,102
Obligations to beneficiaries under split-interest agreements	1,577,507	-	1,577,507	-	1,577,507
Due to Jewish Federation	-	38,434	38,434	(38,434)	-
Line of credit	4,183,682	-	4,183,682	-	4,183,682
Note payable	1,758,645	-	1,758,645	-	1,758,645
Funds held in custody for others					
Pooled investments	19,496,313	-	19,496,313	-	19,496,313
Split-interest agreements	350,862	-	350,862	-	350,862
Passport to Israel	653,807	-	653,807	-	653,807
Other	1,131,738	-	1,131,738	-	1,131,738
Total Liabilities	<u>\$ 36,190,127</u>	<u>\$ 6,276,403</u>	<u>\$ 42,466,530</u>	<u>\$ (1,491,277)</u>	<u>\$ 40,975,253</u>

(Continued)

Jewish Federation of St. Louis
Consolidating Statement of Financial Position (Continued)
Year Ended December 31, 2018

	Jewish Federation St. Louis	Supporting Organization	Total Before Eliminations	Eliminations	Consolidated
Net Assets					
Without donor restrictions:					
Undesignated:					
Net investment in building and Undesignated	\$ 6,813,347 (10,514,701)	\$ 268,303 -	\$ 7,081,650 (10,514,701)	\$ - -	\$ 7,081,650 (10,514,701)
Board-controlled endowments and					
Philanthropic funds	8,635,395	-	8,635,395	-	8,635,395
Board designated endowment	8,294,109	-	8,294,109	-	8,294,109
Board designated as future use	25,819,669	28,668	25,848,337	-	25,848,337
Other	(24,797)	15,720,896	15,696,099	-	15,696,099
Total without donor restrictions	<u>39,023,022</u>	<u>16,017,867</u>	<u>55,040,889</u>	<u>-</u>	<u>55,040,889</u>
With donor restrictions	<u>54,609,549</u>	<u>7,293,402</u>	<u>61,902,951</u>	<u>-</u>	<u>61,902,951</u>
Total net assets	<u>93,632,571</u>	<u>23,311,269</u>	<u>116,943,840</u>	<u>-</u>	<u>116,943,840</u>
Total liabilities and net assets	<u>\$ 129,822,698</u>	<u>\$ 29,587,672</u>	<u>\$ 159,410,370</u>	<u>\$ (1,491,277)</u>	<u>\$ 157,919,093</u>

Jewish Federation of St. Louis
Consolidating Statement of Activities
Year Ended December 31, 2018

	Jewish Federation of St. Louis			Supporting Organizations			Eliminating Entries	Consolidated Total		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total		Without Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support										
Pledges										
Pledges received in the current year	\$ 9,599,695	\$ -	\$ 9,599,695	\$ -	\$ -	\$ -	\$ -	\$ 9,599,695	\$ -	\$ 9,599,695
Prior year pledges released from restriction	646,830	(646,830)	-	-	-	-	-	646,830	(646,830)	-
Pledges restricted for subsequent year	-	691,564	691,564	-	-	-	-	-	691,564	691,564
Total regular campaign	10,246,525	44,734	10,291,259	-	-	-	-	10,246,525	44,734	10,291,259
Annual campaign: Other	6,000	326,000	332,000	-	-	-	-	6,000	326,000	332,000
Total annual campaign	10,252,525	370,734	10,623,259	-	-	-	-	10,252,525	370,734	10,623,259
Other campaigns	-	-	-	-	-	-	-	-	-	-
Friends of the Holocaust Campaign	261,535	-	261,535	-	-	-	-	261,535	-	261,535
Building renovation	-	-	-	-	-	-	-	-	-	-
Friends of the Saul Brodsky Library Campaign	-	-	-	-	-	-	-	-	-	-
Less: Amounts derived from board-controlled funds	(1,765,927)	-	(1,765,927)	-	-	-	(1,031,000)	(2,796,927)	-	(2,796,927)
Net campaigns	8,748,133	370,734	9,118,867	-	-	-	(1,031,000)	7,717,133	370,734	8,087,867
Contributions, bequests and gifts	2,067,679	6,222,625	8,290,304	101,871	2,065	103,936	(1,221,779)	947,771	6,224,690	7,172,461
Government grants	48,500	-	48,500	-	-	-	-	48,500	-	48,500
United Way of Greater St. Louis	145,056	-	145,056	-	-	-	-	145,056	-	145,056
Other grants	211,756	195,000	406,756	-	-	-	(52,843)	158,913	195,000	353,913
Services to beneficiary agencies	28,227	-	28,227	-	-	-	-	28,227	-	28,227
Other income	616,574	-	616,574	-	-	-	-	616,574	-	616,574
Investment income, net	280,034	416,916	696,950	527,310	-	527,310	-	807,344	416,916	1,224,260
Loss on investments	(2,428,325)	(2,462,005)	(4,890,330)	(1,557,155)	-	(1,557,155)	-	(3,985,480)	(2,462,005)	(6,447,485)
Change in value of split interest agreements	-	(148,756)	(148,756)	-	-	-	-	-	(148,756)	(148,756)
Net assets released from restriction										
Program	847,766	(847,766)	-	-	-	-	-	847,766	(847,766)	-
Building renovation	609,425	(609,425)	-	-	-	-	-	609,425	(609,425)	-
Other	1,231,188	(1,231,188)	-	-	-	-	-	1,231,188	(1,231,188)	-
Reclassification of Board-controlled endowments, net	175	-	175	(175)	-	(175)	-	-	-	-
Total revenues, gains and other support	12,406,188	1,906,135	14,312,323	(928,149)	2,065	(926,084)	(2,305,622)	9,172,417	1,908,200	11,080,617

(Continued)

Jewish Federation of St. Louis
Consolidating Statement of Activities (Continued)
Year Ended December 31, 2018

	Jewish Federation of St. Louis			Supporting Organizations			Eliminating Entries	Consolidated Total		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total		Without Restrictions	With Donor Restrictions	Total
Appropriations and Program Expenses										
Appropriations										
Without donor restrictions										
Local agencies	\$ 2,460,000	\$ -	\$ 2,460,000	\$ -	\$ -	\$ -	\$ -	\$ 2,460,000	\$ -	\$ 2,460,000
Israel and overseas	1,325,000	-	1,325,000	-	-	-	-	1,325,000	-	1,325,000
National agencies	512,343	-	512,343	-	-	-	-	512,343	-	512,343
Strategic program grants										
Ensuring the Jewish Future	20,651	-	20,651	-	-	-	-	20,651	-	20,651
Caring for Jews in Need - Domestic	28,439	-	28,439	-	-	-	-	28,439	-	28,439
Caring for Jews in Need - Overseas	790,671	-	790,671	-	-	-	-	790,671	-	790,671
Community Engagement	2,211,710	-	2,211,710	-	-	-	-	2,211,710	-	2,211,710
Endowment and Foundation distributions										
Jewish Federation	-	-	-	2,305,622	-	2,305,622	(2,305,622)	-	-	-
Beneficiary and other local agencies	1,158,600	232,707	1,391,307	516,078	-	516,078	-	1,674,678	232,707	1,907,385
National agencies	216,989	-	216,989	2,020,335	-	2,020,335	-	2,237,324	-	2,237,324
Distribution to charitable organizations	1,237,084	-	1,237,084	983,972	-	983,972	-	2,221,056	-	2,221,056
Other program expenses										
Planning and appropriations	1,255,787	-	1,255,787	-	-	-	-	1,255,787	-	1,255,787
Community development	3,835,340	-	3,835,340	-	-	-	-	3,835,340	-	3,835,340
Holocaust Museum and Community Libraries	714,581	-	714,581	-	-	-	-	714,581	-	714,581
Total appropriations and program expenses	15,767,195	232,707	15,999,902	5,826,007	-	5,826,007	(2,305,622)	19,287,580	232,707	19,520,287
Operating Expenses										
Philanthropy	2,331,789	-	2,331,789	-	-	-	-	2,331,789	-	2,331,789
Management and general	1,095,856	-	1,095,856	79,536	-	79,536	-	1,175,392	-	1,175,392
Total operating expenses	3,427,645	-	3,427,645	79,536	-	79,536	-	3,507,181	-	3,507,181
Total appropriations and expenses	19,194,840	232,707	19,427,547	5,905,543	-	5,905,543	(2,305,622)	22,794,761	232,707	23,027,468
Change in Net Assets Before Pension Changes	(6,788,652)	1,673,428	(5,115,224)	(6,833,692)	2,065	(6,831,627)	-	(13,622,344)	1,675,493	(11,946,851)
Pension related change other than net periodic cost, net loss	108,290	-	108,290	-	-	-	-	108,290	-	108,290
Change in Net Assets	(6,680,362)	1,673,428	(5,006,934)	(6,833,692)	2,065	(6,831,627)	-	(13,514,054)	1,675,493	(11,838,561)
Net Assets Beginning of Year	45,703,384	52,936,121	98,639,505	22,851,559	7,291,337	30,142,896	-	68,554,943	60,227,458	128,782,401
Net Assets, End of Year	\$ 39,023,022	\$ 54,609,549	\$ 93,632,571	\$ 16,017,867	\$ 7,293,402	\$ 23,311,269	\$ -	\$ 55,040,889	\$ 61,902,951	\$ 116,943,840