

Consolidated Financial Statements Together with  
Report of Independent Certified Public Accountants

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**

December 31, 2017 (With Summarized Comparative Information for  
December 31, 2016)

# THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors

**The American Jewish Joint Distribution Committee, Inc.**

We have audited the accompanying consolidated financial statements of The American Jewish Joint Distribution Committee, Inc. (“JDC”), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 JDC’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 JDC’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 financial position of The American Jewish Joint Distribution Committee, Inc., as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on 2016 summarized comparative information**

We have previously audited JDC's 2016 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 14, 2017. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grant Thornton LLP*

New York, New York  
July 18, 2018

# THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

## Consolidated Statement of Financial Position

As of December 31, 2017, with comparative totals as of December 31, 2016

	2017						2016 Totals
	Unrestricted	Temporarily Restricted			Permanently Restricted	Total	
		JDC	Wohl Charitable Foundation	Total			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 60,709,562	\$ 901,739	\$ 1,508,203	\$ 2,409,942	\$ 1,082	\$ 63,120,586	\$ 53,107,714
Investments - other	115,225	8,052,458	-	8,052,458	4,634,775	12,802,458	11,662,697
Investments (Notes 8 and 12)	144,967,190	171,684,707	174,839,451	346,524,158	34,593,668	526,085,016	475,403,085
Due from broker	2,439,464	-	-	-	-	2,439,464	418,551
Grants receivable	18,457,678	-	-	-	-	18,457,678	16,939,305
Contributions receivable, net (Note 11)	647,043	26,805,989	-	26,805,989	3,126,055	30,579,087	26,749,368
Other receivables and other assets	9,773,923	1,230,639	-	1,230,639	151,646	11,156,208	8,609,728
Fixed assets, net (Note 9)	47,977,260	202,412	-	202,412	-	48,179,672	47,565,548
Assets held for sale	2,073,226	-	-	-	-	2,073,226	2,748,727
Total assets	<u>\$ 287,160,571</u>	<u>\$ 208,877,944</u>	<u>\$ 176,347,654</u>	<u>\$ 385,225,598</u>	<u>\$ 42,507,226</u>	<u>\$ 714,893,395</u>	<u>\$ 643,204,723</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities							
Accounts payable and accrued expenses (Note 13)	\$ 42,563,328	\$ 4,284,421	\$ 8,511,776	\$ 12,796,197	\$ -	\$ 55,359,525	\$ 61,679,964
Pension plan obligation (Notes 3 and 5)	18,382,146	-	-	-	-	18,382,146	19,716,691
Annuity obligations (Note 12)	-	1,930,229	-	1,930,229	276,163	2,206,392	2,301,775
Loans payable (Note 6)	24,845,342	-	-	-	-	24,845,342	21,253,997
Due to others	-	21,847,850	-	21,847,850	-	21,847,850	20,239,635
Total liabilities	85,790,816	28,062,500	8,511,776	36,574,276	276,163	122,641,255	125,192,062
Total net assets (Note 10)	<u>201,369,755</u>	<u>180,815,444</u>	<u>167,835,878</u>	<u>348,651,322</u>	<u>42,231,063</u>	<u>592,252,140</u>	<u>518,012,661</u>
Total liabilities and net assets	<u>\$ 287,160,571</u>	<u>\$ 208,877,944</u>	<u>\$ 176,347,654</u>	<u>\$ 385,225,598</u>	<u>\$ 42,507,226</u>	<u>\$ 714,893,395</u>	<u>\$ 643,204,723</u>

The accompanying notes are an integral part of this consolidated financial statement.

# THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

## Consolidated Statement of Activities

For the year ended December 31, 2017, with comparative totals for the year ended December 31, 2016

	2017						2016 Totals
	Unrestricted	Temporarily Restricted			Permanently Restricted	Total	
		JDC	Wohl Charitable Foundation	Total			
<b>REVENUES, GAINS AND OTHER SUPPORT</b>							
Contributions (including JFNA)	\$ 66,931,373	\$ 78,197,130	\$ -	\$ 78,197,130	\$ 2,918,578	\$ 148,047,081	\$ 137,304,616
Grants	154,680,181	-	-	-	-	154,680,181	138,189,508
Other income	8,874,679	2,129,329	-	2,129,329	-	11,004,008	8,235,878
Investment income (Note 8)	27,392,805	20,612,571	26,934,241	47,546,812	11,032	74,950,649	24,498,600
Actuarial loss on annuity obligations (Note 12)	-	(303,909)	-	(303,909)	(13,931)	(317,840)	(792,418)
Net assets released from restriction (Note 10)	85,759,344	(78,017,474)	(7,741,870)	(85,759,344)	-	-	-
Net assets reclassifications	(1,965,752)	(1,000,000)	-	(1,000,000)	2,965,752	-	-
Total revenues, gains and other support	<u>341,672,630</u>	<u>21,617,647</u>	<u>19,192,371</u>	<u>40,810,018</u>	<u>5,881,431</u>	<u>388,364,079</u>	<u>307,436,184</u>
<b>EXPENSES</b>							
Program services	<u>284,275,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,275,632</u>	<u>277,884,275</u>
Support services							
Management and general	24,885,779	-	-	-	-	24,885,779	23,429,503
Fund raising	11,144,513	-	-	-	-	11,144,513	9,691,293
Total support services	<u>36,030,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,030,292</u>	<u>33,120,796</u>
Total expenses	<u>320,305,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,305,924</u>	<u>311,005,071</u>
Change in net assets before other changes	21,366,706	21,617,647	19,192,371	40,810,018	5,881,431	68,058,155	(3,568,887)
<b>NON-OPERATING CHANGES IN NET ASSETS</b>							
Gain on sale of fixed assets	4,319,900	-	-	-	-	4,319,900	-
Actuarial adjustment for pension plan (Note 3)	1,861,424	-	-	-	-	1,861,424	(396,231)
Changes in net assets	<u>27,548,030</u>	<u>21,617,647</u>	<u>19,192,371</u>	<u>40,810,018</u>	<u>5,881,431</u>	<u>74,239,479</u>	<u>(3,965,118)</u>
Net assets - beginning of year	173,821,725	159,197,797	148,643,507	307,841,304	36,349,632	518,012,661	521,977,779
Net assets - end of year	<u>\$ 201,369,755</u>	<u>\$ 180,815,444</u>	<u>\$ 167,835,878</u>	<u>\$ 348,651,322</u>	<u>\$ 42,231,063</u>	<u>\$ 592,252,140</u>	<u>\$ 518,012,661</u>

The accompanying notes are an integral part of this consolidated financial statement.

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the year ended December 31, 2017, with comparative totals for the year ended December 31, 2016**

	2017									
	Program Services							Supporting Services		
	Africa/Asia	Europe	Israel	Latin America	Former Soviet Union (FSU)	Multi-Regional	Total	Management and General	Fund Raising	Total
GRANTS TO SUPPORTED ORGANIZATIONS AND AFFILIATES										
Relief, welfare, and health	\$ 694,388	\$ 32,614,802	\$ 5,533,034	\$ 497,226	\$ 94,668,366	\$ 87,188	\$ 134,095,004	\$ -	\$ -	\$ 134,095,004
Empowering and training	86,033	402,115	29,106,124	136,111	-	58,854	29,789,237	-	-	29,789,237
Social development and strengthening Jewish life	563,197	2,696,769	22,185,473	718,696	7,337,146	364,587	33,865,868	-	-	33,865,868
Research and development	-	-	2,466,649	-	-	-	2,466,649	-	-	2,466,649
Other/multifunctional	1,786,210	12,340	393,982	-	-	8,955,069	11,147,601	-	-	11,147,601
Totals of grants to supported organizations and affiliates	<u>3,129,828</u>	<u>35,726,026</u>	<u>59,685,262</u>	<u>1,352,033</u>	<u>102,005,512</u>	<u>9,465,698</u>	<u>211,364,359</u>	<u>-</u>	<u>-</u>	<u>211,364,359</u>
OTHER EXPENSES										
Payroll, benefits, and other staff costs	612,217	4,907,386	20,397,926	770,151	12,414,344	5,694,836	44,796,860	13,601,910	7,784,368	66,183,138
Conferences, media, and public relations	7,203	945,403	262,118	5,052	1,535,580	275,725	3,031,081	746,407	242,334	4,019,822
Contracted services, supplies and other expenses	86,136	1,089,875	6,819,518	122,453	4,625,450	1,355,405	14,098,837	5,559,929	2,003,511	21,662,277
Occupancy, facilities, equipment, and repairs	103,578	597,759	918,143	210,755	1,743,286	388,814	3,962,335	2,334,510	97,278	6,394,123
Travel	106,669	663,576	973,787	27,600	1,068,045	1,688,098	4,527,775	712,491	753,938	5,994,204
Building impairment, net of change in deferred tax liability	-	-	-	-	660,381	-	660,381	93,500	-	753,881
Interest expense	-	-	-	-	-	-	-	853,079	-	853,079
Depreciation and amortization	797	10,753	387,309	5,610	1,429,535	-	1,834,004	983,953	263,084	3,081,041
Total expenses	<u>\$ 4,046,428</u>	<u>\$ 43,940,778</u>	<u>\$ 89,444,063</u>	<u>\$ 2,493,654</u>	<u>\$ 125,482,133</u>	<u>\$ 18,868,576</u>	<u>\$ 284,275,632</u>	<u>\$ 24,885,779</u>	<u>\$ 11,144,513</u>	<u>\$ 320,305,924</u>
Total expenses 2016	<u>\$ 3,904,894</u>	<u>\$ 41,371,865</u>	<u>\$ 84,864,598</u>	<u>\$ 2,812,191</u>	<u>\$ 126,273,956</u>	<u>\$ 18,656,771</u>	<u>\$ 277,884,275</u>	<u>\$ 23,429,503</u>	<u>\$ 9,691,293</u>	<u>\$ 311,005,071</u>

*The accompanying notes are an integral part of this consolidated financial statement.*

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2017, with comparative totals for the year ended December 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 74,239,479	\$ (3,965,118)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,081,041	2,522,738
Impairment charges	753,881	4,605,797
Permanently restricted contributions	(2,918,578)	(732,620)
Realized and unrealized gains on investments	(72,373,072)	(23,980,914)
Change in discount and allowance on contributions receivable	1,026,869	212,355
Noncash items	(571,039)	(336,465)
Gain on sale of fixed assets	(4,319,900)	-
Change in assets and liabilities:		
Due from broker	(2,020,913)	2,836,931
Grants receivable	(1,518,373)	9,386,292
Contributions receivable	(4,856,588)	2,872,347
Other receivables and other assets	(2,546,480)	1,953,582
Accounts payable and accrued expenses	(6,320,439)	(1,618,944)
Pension plan obligations	(1,334,545)	812,503
Annuity obligations	(95,383)	383,698
Due to others	1,608,215	(1,272,251)
Net cash used in operating activities	<u>(18,165,825)</u>	<u>(6,320,069)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(71,109,826)	(66,330,847)
Proceeds from sale of investments	92,232,245	73,971,495
Purchases of fixed assets	(5,980,570)	(938,415)
Proceeds from sale of fixed assets	6,526,925	-
Net cash provided by investing activities	<u>21,668,774</u>	<u>6,702,233</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(54,908,655)	(63,573,848)
Proceeds from loans	58,500,000	54,500,000
Proceeds from permanently restricted contributions	2,918,578	732,620
Net cash provided by (used in) financing activities	<u>6,509,923</u>	<u>(8,341,228)</u>
Net increase (decrease) in cash and cash equivalents	10,012,872	(7,959,064)
Cash and cash equivalents, beginning of year	53,107,714	61,066,778
Cash and cash equivalents, end of year	<u>\$ 63,120,586</u>	<u>\$ 53,107,714</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 911,892</u>	<u>\$ 685,458</u>
Net cash refunded (paid) during the year for UBIT	<u>\$ 498</u>	<u>\$ (2,231,315)</u>

*The accompanying notes are an integral part of this consolidated financial statement.*



**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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**1. NATURE OF ORGANIZATION**

The American Jewish Joint Distribution Committee, Inc. (“JDC”) was established in 1914 to channel funds being raised to aid Jews in Europe and Palestine. Today, over 100 years later, JDC is still serving as the overseas arm of the American Jewish community, sponsoring programs of relief, rescue and reconstruction primarily to meet Jewish needs around the globe.

JDC is supported primarily by general contributions, funds from The Jewish Federations of North America (formerly The United Jewish Communities) (“JFNA”) and funds from Conference on Jewish Material Claims Against Germany.

JDC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

**Consolidated Financial Statements**

Consolidated in these financial statements are the following entities related through common board control and economic interest: The American Jewish Joint Distribution Committee, Inc., Joint (JDC) - Israel (CC), the Jack G. Buncher Charitable Fund for the American Jewish Joint Distribution Committee, the Swergold Family Foundation for Children in Crises, the Thalheimer Family-JDC Support Foundation, Inc., AJJDC Real Estate Company Limited, the Taub Center for Social Policy Studies in Israel, and the Maurice and Vivienne Wohl Charitable Foundation. All intercompany transactions and balances have been eliminated in the consolidation.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less.

**Concentrations of Credit Risk**

Financial instruments that potentially subject JDC to concentrations of credit risk consist principally of cash, cash equivalents, receivables and investments. JDC maintains its cash in various bank accounts that may exceed federally insured limits at times. JDC’s cash and investment accounts were placed with high credit quality financial institutions. JDC has not experienced, nor does it anticipate any losses with respect to such accounts.

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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**Investments - Other**

Certificates of deposit held for investment that are not debt securities are included in investments - other in the accompanying consolidated statement of financial position.

**Investments**

Investments are recorded at fair value. JDC invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility 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, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in JDC's consolidated financial statements.

**Fair Value Measurements and Disclosures**

Fair value measurements and disclosures establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that JDC has the ability to access.
- Level 2 - Inputs to the valuation methodology include other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability; and,
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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The following is a description of the valuation methodologies used for assets measured at fair value.

**U.S. Government and Agency Obligations, Bonds, Mortgage-Backed Securities,  
Agency-Backed Bonds and Common Stock**

Valued at the closing price reported on the active market on which the individual securities are traded.

**Mutual Funds**

Valued at the NAV of shares held at year end.

**State of Israel Bonds**

Valued at cost, which approximates fair value.

**Alternative Investments**

Estimated fair values, in the absence of readily ascertainable market values, have been determined by the investment managers and reviewed by management for reasonableness. The methods and procedures used to value these investments may include, but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value. JDC's alternative investments are generally reported at the NAV reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of JDC's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while JDC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The estimated fair values for the aforementioned securities and interests may differ from the values that would have been used had a ready market for the investments existed, and the differences could be material.

See Note 8 for the table that sets forth the assets at fair value as of December 31, 2017 and 2016.

**Contributions Receivable, Net**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value (net of allowance for uncollectible pledges). Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using credit adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

**Allowance for Doubtful Accounts**

Factors used to determine whether an allowance should be recorded for contributions receivable and other receivables include the age of the receivable, the creditworthiness of the donors, account activity, and a review of payments subsequent to year end.

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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**Contributions**

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released from restriction and reported in the consolidated statement of activities as net assets released from restrictions.

**Risk of Operating Outside the United States**

JDC is subject to the risks of doing business outside the United States, including, among other risks, foreign currency exchange rate risks, tax laws and political or labor disturbances.

**Grant Revenue**

Revenue from grants is recognized to the extent that qualifying reimbursable expenses have been incurred over the terms of the respective agreements.

JDC receives a significant amount of funding from the Conference on Jewish Material Claims Against Germany and the government of Israel. This funding is subject to audit. Management is of the opinion that disallowances, if any, would not have a significant effect on the consolidated financial position or changes in net assets of JDC.

Grant funding received in advance, where associated expenditures have not yet been incurred, is recognized as deferred grant revenue.

**Fixed Assets, Net**

Fixed assets are stated at cost. Items costing in excess of \$25,000 which have an estimated useful life of more than one year are subject to capitalization. Depreciation and amortization of fixed assets are provided on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the lease term.

**Impairment of Fixed Assets**

JDC reviews periodically the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, JDC estimates the recoverable amount of the asset group to which the asset belongs.

The carrying amount of an asset (or asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected from the entity's use and eventual disposition of the asset (or asset group), which is an entity-specific measure. If the asset (or asset group) is not recoverable, the impairment loss is measured as the difference between the carrying amount of the asset (or asset group) and its fair value, which is market participant based.

**THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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If an impairment loss is recognized, the adjusted carrying amount of the long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

**Fair Value of Financial Instruments**

The carrying amounts of cash, cash equivalents, other receivables and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

**Measure of Operations**

Included in unrestricted operating net assets are resources used for the general support of JDC's operations.

Nonoperating activities include: (1) pension related activity other than net periodic pension cost and (2) other items considered to be unusual or nonrecurring in nature.

**Unrestricted Net Assets**

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. In addition, resources which are set aside for board-designated purposes are unrestricted.

**Restricted Net Assets**

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are to be maintained in perpetuity at the behest of the donor and the income generated by such funds is utilized for operating purposes except if otherwise indicated by the donor.

**Reclassifications**

Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the current year's presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2016 consolidated financial statements.

**Functional Allocation of Expenses**

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Exchange Rates**

The U.S. dollar equivalents of the local currencies were calculated either at the actual rates of exchange or at an average of the rates during the year.

**Income Taxes**

JDC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. JDC is, likewise, exempt from income tax under comparable state statutes. JDC does derive revenue from an unrelated trade or business through its partnership investments; accordingly, it has calculated a net refund of \$498, which has been netted against investment income, for December 31, 2017.

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JDC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

JDC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. JDC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. JDC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for December 31, 2017.

**New Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers.” The ASU provides updated guidance to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Contribution revenue is specifically excluded from the scope of this update. This guidance is effective for JDC’s annual reporting period beginning January 1, 2019 with early application permitted beginning January 1, 2017. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases.” This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning January 1, 2020, with early adoption permitted. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities.” This ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in its financial statements and notes about its liquidity, financial performance, and cash flows. This update is effective for the fiscal year beginning January 1, 2018, with early adoption permitted. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” This ASU is intended to provide a more robust framework for determining whether a transaction should be recorded as a contribution or as an exchange transaction. This update is effective for the fiscal year beginning January 1, 2019, with early adoption permitted. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

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**Subsequent Events**

JDC evaluated its December 31, 2017 consolidated financial statements for subsequent events through July 18, 2018, the date the consolidated financial statements were available to be issued.

JDC is not aware of any subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.

**3. RETIREMENT PLAN**

JDC sponsors a noncontributory defined benefit pension plan (“Retirement Plan”) covering its New York staff and overseas foreign service personnel. Prior service cost has been fully funded.

Effective December 31, 2012, the plan has been amended to eliminate future benefit accruals for employees who have not attained age 30 by December 31, 2012. The accrued pension benefits of employees who have not attained age 30 by December 31, 2012 will remain frozen at their current level.

In October of 2017, the Retirement Plan has been amended effective January 1, 2018, as follows: Active participants whose salary is above \$120,000 (“Highly Compensated Employees”) will have their benefits frozen in the American Jewish Joint Distribution Committee, Inc. Employees Retirement Plan (“Qualified Plan”). They will automatically become participants in the American Jewish Joint Distribution Committee, Inc. Supplemental Pension Plan (a non-qualified plan). Alternatively, they can elect to receive their future benefits under the qualified 403(b) Defined Contribution Plan. This will allow the Qualified Plan to pass the participation, coverage and non-discrimination tests under the Internal Revenue Code.

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The following table summarizes the benefit obligation, fair value of plan assets, the Retirement Plan's funded status and other information as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Reconciliation of projected benefit obligation:		
<b>Projected benefit obligation, beginning of year</b>	\$ 60,862,703	\$ 59,000,764
Service cost including expenses	1,515,488	1,500,832
Interest cost	2,446,181	2,319,619
Plan amendments	-	82,431
Actuarial loss	6,701,118	854,235
Benefits payments	(2,790,462)	(2,817,242)
Expected expenses	(124,172)	(77,936)
Curtailments	<u>(3,036,549)</u>	<u>-</u>
<b>Projected benefit obligation, end of year</b>	<u>\$ 65,574,307</u>	<u>\$ 60,862,703</u>
Change in plan assets:		
<b>Fair value of assets, beginning of year</b>	\$ 48,254,962	\$ 46,810,267
Actual return (loss) on assets	6,954,756	2,004,834
Employer contributions	2,027,654	2,381,275
Benefits payments	(2,790,462)	(2,817,242)
Actual expenses	<u>(139,170)</u>	<u>(124,172)</u>
<b>Fair value of assets, end of year</b>	<u>\$ 54,307,740</u>	<u>\$ 48,254,962</u>
Funded status	<u>\$ (11,266,567)</u>	<u>\$ (12,607,741)</u>
Accumulated benefit obligation	<u>\$ 64,342,027</u>	<u>\$ 58,368,373</u>
Net periodic pension cost:		
Service cost	\$ 1,515,488	\$ 1,500,832
Interest cost	2,446,181	2,319,619
Expected return on assets	(3,095,368)	(3,036,968)
Amortization of prior service credit	(244,169)	(253,855)
Amortization of net actuarial loss	<u>2,423,919</u>	<u>1,899,043</u>
Net periodic pension cost	3,046,051	2,428,671
Curtailment gain	<u>(763,036)</u>	<u>-</u>
Net periodic pension cost after curtailments	<u>\$ 2,283,015</u>	<u>\$ 2,428,671</u>
Other changes recognized in unrestricted net assets:		
Actuarial loss	\$ 2,856,728	\$ 1,932,605
Amortization of prior service cost	244,169	253,855
Prior service credit	-	82,431
Amortization of net loss	(2,423,919)	(1,899,043)
Curtailment gain	(3,036,549)	-
Prior service credit recognized due to curtailment	<u>763,036</u>	<u>-</u>
Pension related activity other than net periodic pension cost	<u>\$ (1,596,535)</u>	<u>\$ 369,848</u>



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The assumptions used to determine the benefit obligation as of December 31, 2017 and 2016 follow:

	<u>2017</u>	<u>2016</u>
Weighted average assumptions:		
Discount rate	3.52 %	4.00 %
Expected return on plan assets	N/A	N/A
Rate of compensation increase	3.00 %	3.00 %

The assumptions used to determine the net periodic pension cost for the years ended December 31, 2017 and 2016 follow:

	<u>2017</u>	<u>2016</u>
Weighted average assumptions:		
Discount rate	4.00%	4.16 %
Expected return on plan assets	6.75%	6.75 %
Rate of compensation increase	3.00%	3.00 %

**Plan Assets**

The composition of the Plan's investments as of December 31, 2017 and 2016 was as follows:

	<u>2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 3,543,880	\$ -	\$ -	\$ 3,543,880
Mutual funds	11,770,318	-	-	11,770,318
Mutual funds fixed income	8,995,843	-	-	8,995,843
Total investments at fair value	<u>\$ 24,310,041</u>	<u>\$ -</u>	<u>\$ -</u>	24,310,041
Alternative investments at net assets value				
Equity fund				1,613,710
Hedge fund				22,486,622
Global markets				2,409,848
Cash and cash equivalents				<u>3,487,519</u>
Fair value of plan assets				<u>\$ 54,307,740</u>
	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 3,889,927	\$ -	\$ -	\$ 3,889,927
Mutual funds	9,337,918	-	-	9,337,918
Mutual funds fixed income	8,113,785	-	-	8,113,785
Total investments at fair value	<u>\$ 21,341,630</u>	<u>\$ -</u>	<u>\$ -</u>	21,341,630
Alternative investments at net assets value				
Equity fund				1,318,169
Hedge fund				20,463,925
Global markets				1,789,796
Cash and cash equivalents				<u>3,341,442</u>
Fair value of plan assets				<u>\$ 48,254,962</u>

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JDC is invested in various alternative investments that are not available to retail investors and are not publicly traded. The fair value estimates of these investments are based on NAV as provided by the respective investment managers. Because JDC uses NAV as a practical expedient for fair value, these investments are excluded from the fair value hierarchy.

Information with respect to redemption terms, strategies, risks, and funding commitments for these investments is as follows:

<b>2017</b>				
	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>	<b>Number of Funds</b>
Alternative Investments:				
Equity fund <sup>(a)</sup>	\$ 1,613,710	Monthly	30 days	1
Hedge fund <sup>(b)</sup>	22,486,622	Quarterly, Semiannually	60-95 days	8
Global markets <sup>(c)</sup>	<u>2,409,848</u>	Monthly	30 days	1
Total	<u>\$ 26,510,180</u>			
<b>2016</b>				
	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>	<b>Number of Funds</b>
Alternative Investments:				
Equity fund <sup>(a)</sup>	\$ 1,318,169	Monthly	30 days	1
Hedge fund <sup>(b)</sup>	20,463,925	Quarterly, Semiannually	60-95 days	8
Global markets <sup>(c)</sup>	<u>1,789,796</u>	Monthly	30 days	1
Total	<u>\$ 23,571,890</u>			

The above funds have no unfunded commitments as of December 31, 2017 and 2016.

- (a) Equity fund - This comingled equity fund's objective is to provide long-term capital appreciation by investing primary in U.S. companies in the medium market capitalization segment. The fund identifies companies undergoing "corporate change" and generating large amounts of free cash flow.
- (b) Hedge fund - This fund invests in various diversified strategies, including private investment companies. The purpose is to generate appreciation while managing risk through diversification.
- (c) Global markets - This fund invests in common stock, exchange-traded funds ("ETF"), warrants, and other private investment companies relating to various global markets. The purpose is to generate appreciation while managing risk through diversification.

**Investment Policies**

JDC's investment policies are designed to ensure adequate plan assets will be available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, JDC formulates its investment portfolio to comprise an optimal combination of equity and debt securities.

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The expected returns on plan assets are developed in conjunction with actuaries and investment advisors, and take into account long-term expectations for future returns and investment strategy. Amounts are compared to historical averages for reasonableness.

**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

**Year ending December 31:**

2018	\$ 3,870,670
2019	4,277,952
2020	4,299,226
2021	3,568,034
2022	3,564,994
2023-2027	17,429,913

JDC expects to contribute approximately \$2.2 million to its pension plan in fiscal year 2018.

**Supplemental Benefit Plan**

In addition to the JDC Retirement Plan, JDC provides additional benefits to 9 former employees. Of the 9 employees, 7 employees participate in JDC's Retirement Plan and receive these benefits as a supplement to their current pension payments. The remaining 2 former employees are not part of the JDC Retirement Plan and receive these payments in lieu of pension payments. The estimated liability for this supplemental benefit plan is \$1,720,814 and \$1,803,075 as of December 31, 2017 and 2016, respectively, and is included in pension plan obligations in the accompanying consolidated statements of financial position.

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The following table summarizes the projected benefit obligation, net periodic pension cost, and pension-related activity other than net periodic pension cost related to the Supplement Benefit Plan as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Reconciliation of projected benefit obligation:		
<b>Projected benefit obligation, beginning of year</b>	\$ 1,803,075	\$ 1,823,188
Interest cost	53,744	55,667
Actuarial loss	106,599	171,704
Benefits payments	<u>(242,604)</u>	<u>(247,484)</u>
<b>Projected benefit obligation, end of year</b>	<u>\$ 1,720,814</u>	<u>\$ 1,803,075</u>
Net periodic pension cost:		
Interest cost	\$ 53,744	\$ 55,667
Amortization of prior service cost	305,453	305,453
Amortization of net actuarial loss	<u>18,696</u>	<u>-</u>
Net periodic pension cost	<u>\$ 377,893</u>	<u>\$ 361,120</u>
Other changes recognized in unrestricted net assets:		
Actuarial gain	\$ 106,599	\$ 171,704
Amortization of prior service credit	(305,453)	(305,453)
Amortization of net actuarial gain	<u>(18,696)</u>	<u>-</u>
Pension related activity other than net periodic pension cost	<u>\$ (217,550)</u>	<u>\$ (133,749)</u>
Discount rate assumption used to determine the benefit obligation, as of December 31,		
	2.98 %	3.19 %
Discount rate assumption used to determine the net periodic pension cost as of December 31,		
	3.19 %	3.27 %

#### **4. DEFERRED COMPENSATION**

JDC offers its executive managers a non-matching deferred compensation plan. Participants can opt to defer a portion of their salary into an independently managed investment account owned by JDC. These investments are not part of JDC's pooled investment accounts. Currently, seven executive managers participate in the plan. These deferred compensation arrangements total \$2,787,622 and \$3,043,261 as of December 31, 2017 and 2016, respectively, and are included in investments and accounts payable and accrued expenses in the accompanying consolidated statements of financial position. For the years ended December 31, 2017 and 2016, employee contributions totaled \$27,000 and \$49,500, respectively.

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**5. BENEFIT RESTORATION PLAN**

The JDC Personnel and Management Committee adopted a “Benefit Restoration Plan” (“BRP”) to restore certain pension benefits to specified executive managers whose benefits were reduced due to the limitation contained in the Federal Omnibus Budget Reconciliation Act of 1993 (“OBRA 93”). The BRP attempts to equalize benefits to these managers as compared to all other JDC employees covered by the Retirement Plan. Under the BRP, the covered employees are entitled to receive a supplemental benefit, paid by JDC, consisting of the difference between the retirement benefit computed pursuant to the BRP and the statutory benefit computed pursuant to the Retirement Plan. The supplemental benefit is reserved by JDC in a separate restricted fund, on a current basis, in accordance with computations made by JDC’s actuary. Currently, one active executive manager and three retired executive managers participate in the BRP. The balance of the BRP is approximately \$5,394,765 and \$5,305,875 as of December 31, 2017 and 2016, respectively, and is included in pension plan obligations in the accompanying consolidated statement of financial position. The following table summarizes the projected benefit obligation, net periodic pension cost, and pension-related activity other than net periodic pension cost related to the Benefit Restoration Plan as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Reconciliation of projected benefit obligation:		
<b>Projected benefit obligation, beginning of year</b>	\$ 5,305,875	\$ 4,890,503
Service cost including expenses	-	74,753
Interest cost	195,367	191,004
Actuarial loss	228,534	398,933
Benefits payments	(335,011)	(249,318)
<b>Projected benefit obligation, end of year</b>	<u>\$ 5,394,765</u>	<u>\$ 5,305,875</u>
Net periodic pension cost:		
Service cost	\$ -	\$ 74,753
Interest cost	195,367	191,004
Amortization of prior service cost	238,801	238,801
Amortization of net actuarial loss	37,072	15,272
Net periodic pension cost	<u>\$ 471,240</u>	<u>\$ 519,830</u>
Other changes recognized in unrestricted net assets:		
Actuarial loss	\$ 228,534	\$ 398,933
Amortization of prior service credit	(238,801)	(238,801)
Amortization of net loss	(37,072)	-
Pension related activity other than net periodic pension cost	<u>\$ (47,339)</u>	<u>\$ 160,132</u>
Discount rate assumption used to determine the benefit obligation, as of December 31,	3.39 %	3.82 %
Discount rate assumption used to determine the net periodic pension cost as of December 31,	3.82 %	4.01 %

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**6. LOANS PAYABLE**

**JPMorgan Chase**

JDC has a credit line agreement with JPMorgan Chase in the amount of \$50,000,000. The interest rate on the line of credit is LIBOR + 0.70%. During 2017 and 2016, the interest rate ranged from 1.73% to 2.09% and 1.14% to 1.35%, respectively. The line of credit is secured by JDC's investments held at JPMorgan Chase with a value at December 31, 2017 and 2016 of \$82,758,332 and \$77,485,249, respectively. The outstanding balance at December 31, 2017 and 2016 was \$1,650,000 and \$0, respectively. In March 2018, the line of credit was extended for three years to be renewed on March 20, 2021. The credit line was reduced at renewal to \$26,500,000 and the interest rate on the line of credit was reduced to LIBOR + 0.65%.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and liquidity ratio minimums, which the bank may waive or modify at any time at their discretion.

**Bank of America**

JDC has a revolving line of credit agreement with Bank of America for \$50,000,000. There are 2 tranches: \$20,000,000 collateralized by fixed income and \$30,000,000 collateralized by hedge funds. In 2015, the fixed income bonds were replaced with fixed income mutual funds. The line of credit is secured by JDC's investments held at Bank of America with a value as of December 31, 2017 and 2016 of \$90,217,291 and \$88,001,307, respectively. The interest rates on the tranches are LIBOR +0.45% for fixed income and LIBOR +0.70% for hedge funds. During 2017 and 2016, the interest rate ranged from 1.23% to 2.21%, and 0.87% to 1.47%, respectively. The outstanding balance at December 31, 2017 and 2016 was \$20,000,000 and \$12,000,000, respectively. In 2017, the line of credit was extended for another 2 years to be renewed on November 30, 2019.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and maintaining a minimum of unrestricted assets, which the bank may waive or modify at any time at their discretion.

**TD Bank**

JDC opened a \$25,000,000 credit line agreement with TD Bank on October 22, 2014. The interest rate on the line of credit is LIBOR +0.65%. During 2017, the total interest rate ranged from 1.65% to 2.18%. The line is secured by JDC investments held at TD Bank with a value at December 31, 2017 and 2016 of \$24,879,622 and \$36,213,783, respectively. The outstanding balance at December 31, 2017 and 2016 was \$3,000,000 and \$0 respectively. In 2017, the line of credit was extended for another 3 years to be renewed on October 22, 2020. In 2018, JDC reserved \$1,500,000 of the line of credit to cover a letter of credit with the landlord of the New York Headquarters office, which moved in September 2017. In March 2018, JDC opened a second line of credit with TD Bank for \$18,500,000 with a similar interest rate. The duration and renewal dates are the same as the first line.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and maintaining a minimum of unrestricted assets, which the bank may waive or modify at any time at their discretion.

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**Bank Leumi USA**

JDC opened a \$10,000,000 credit line agreement with Bank Leumi USA on January 6, 2014. The interest rate on the line of credit is LIBOR +1.99%, which at December 31, 2016 was 2.87%. The line of credit expired on May 2, 2017. The line of credit was not renewed, and was repaid in full to the bank. The balance as of December 31, 2017 and 2016 was \$0 and \$9,000,000, respectively.

**Bank Leumi - Beit Ribakoff**

Joint Israel of JDC has a loan agreement with Bank Leumi (Israel) for \$840,000. The loan matures on March 24, 2020. Payments of principal and interest are due monthly. The interest rate is Israeli prime plus 0.55%, which at December 31, 2017 and 2016 was 2.15%. Bank Leumi holds a lien on an associated JDC property as collateral for this loan. The balance as of December 31, 2017 and 2016 was \$195,342 and \$254,420, respectively. Future principal payments as of December 31, 2017 were as follows:

2018	\$ 86,819
2019	86,819
2020	<u>21,704</u>
	<u>\$ 195,342</u>

**7. COMMITMENTS AND CONTINGENCIES**

In February of 2017, JDC entered into a contractual agreement for a minimum of 31 years for its new global headquarters location in New York City. JDC also has employment agreements with certain key employees. Minimum future rental commitments under the terms of the lease and employment commitments as of December 31, 2017 were as follows:

2018	\$ 2,593,101
2019	2,602,371
2020	1,435,919
2021	1,408,601
2022	1,450,804
Thereafter	<u>50,929,471</u>
	<u>\$ 60,420,267</u>

The estimated sum of rental payments to be made over the life of this lease is being allocated on a straight-line basis over the entire lease period. Rent expense for all JDC offices worldwide for the years ended December 31, 2017 and 2016 was \$2,825,386 and \$2,394,213, respectively.

JDC has a matter with a potential loss that ranges from \$0.1 million to \$1.3 million. Management's best estimate to settle the matter is \$0.7 million and \$1.9 million as of December 31, 2017 and 2016, respectively. Accordingly, JDC has accrued \$0.7 million and \$1.9 million in 2017 and 2016, respectively, for this matter.

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JDC is a party to litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the consolidated financial position or changes in net assets of JDC.

**8. INVESTMENTS**

The composition of JDC's investments as of December 31, 2017 and 2016 was as follows:

	<b>2017</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
U.S. government and agency obligations:				
U.S. treasury bonds	\$ 1,122,994	\$ -	\$ -	\$ 1,122,994
Municipal bonds	-	-	-	-
Mortgage-backed securities	538	-	-	538
Agency-backed bonds	996,330	-	-	996,330
Common stock	52,547,318	-	-	52,547,318
Mutual funds common stock	112,305,390	-	-	112,305,390
Mutual funds fixed income	49,787,169	-	-	49,787,169
Alternative investments:				
Private equity funds	-	-	228,496	228,496
Real estate	-	-	10,130,112	10,130,112
	<u>\$ 216,759,739</u>	<u>\$ -</u>	<u>\$ 10,358,608</u>	227,118,347
Alternative investments valued at NAV				298,861,419
State of Israel bonds (at cost)				<u>105,250</u>
Total investments				<u>\$ 526,085,016</u>

	<b>2016</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
U.S. government and agency obligations:				
U.S. treasury bonds	\$ 973,876	\$ -	\$ -	\$ 973,876
Municipal bonds	10,021	-	-	10,021
Mortgage-backed securities	6,583	-	-	6,583
Agency-backed bonds	997,999	-	-	997,999
Common stock	53,733,837	-	-	53,733,837
Mutual funds common stock	89,723,451	-	-	89,723,451
Mutual funds fixed income	49,893,355	-	-	49,893,355
Alternative investments:				
Private equity funds	-	-	390,309	390,309
Real estate	-	-	9,072,000	9,072,000
	<u>\$ 195,339,122</u>	<u>\$ -</u>	<u>\$ 9,462,309</u>	204,801,431
Alternative investments valued at NAV				270,417,404
State of Israel bonds (at cost)				<u>184,250</u>
Total investments				<u>\$ 475,403,085</u>



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The following tables summarize the changes in JDC's Level 3 investments for the years ended December 31, 2017 and 2016:

	<b>2017</b>		
	<b>Real Estate</b>	<b>Private Equity Funds</b>	<b>Total</b>
<b>Beginning of the year</b>	\$ 9,072,000	\$ 390,309	\$ 9,462,309
Realized and unrealized gains (losses)	1,058,112	46,656	1,104,768
Redemptions	-	(208,469)	(208,469)
<b>End of the year</b>	<u>\$ 10,130,112</u>	<u>\$ 228,496</u>	<u>\$ 10,358,608</u>

  

	<b>2016</b>		
	<b>Real Estate</b>	<b>Private Equity Funds</b>	<b>Total</b>
<b>Beginning of the year</b>	\$ 8,514,792	\$ 395,577	\$ 8,910,369
Realized and unrealized gains (losses)	557,208	91,781	648,989
Redemptions	-	(97,049)	(97,049)
<b>End of the year</b>	<u>\$ 9,072,000</u>	<u>\$ 390,309</u>	<u>\$ 9,462,309</u>

JDC uses the net asset value per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of December 31, 2017 and 2016 which are reported at fair value using an NAV:

	<b>2017</b>				
	<b>Number of Funds</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Alternative investments:					
Real estate <sup>(a)</sup>	3	\$ 7,890,697	\$ 2,556,226	N/A	N/A
Hedge funds <sup>(b)</sup>	34	274,193,537	3,281,861	Monthly, Quarterly, Annually, 3 year lockup	10-180 days
Private equity funds <sup>(c)</sup>	14	14,122,179	15,543,081	N/A	N/A
Common Trust Funds <sup>(d)</sup>	8	<u>2,655,005</u>	-	Daily, thrice-monthly	Daily
Total		<u>\$ 298,861,419</u>			

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	<b>2016</b>				
	<b>Number of Funds</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Alternative investments:					
Real estate <sup>(a)</sup>	3	\$ 11,479,669	\$ 2,556,226	N/A	N/A
Hedge funds <sup>(b)</sup>	33	249,271,692	2,148,929	Monthly, Quarterly, Annually, 3 year lockup	10-180 days
Private equity funds <sup>(c)</sup>	9	7,212,532	5,313,776	N/A	N/A
Common Trust Funds <sup>(d)</sup>	10	<u>2,453,511</u>	-	Daily, bi-monthly	Daily
Total		<u>\$ 270,417,404</u>			

- (a) Real estate - Shares in the investments of Apollo Real Estate Funds, LP (various real estate funds) to benefit from the various diversified strategies that Apollo Real Estate Funds, LP invests in, including real estate equity securities. The purpose is to generate appreciation while managing risk through diversification.
- (b) Hedge funds - Shares in the investments of various partnerships whose portfolios include foreign and domestic debt/equity securities, long/short equity, natural resources, commodities, derivatives, and investments in other private equity funds and limited partnerships. The purpose is to generate appreciation while managing risk through diversification.
- (c) Private equity funds - Shares in the investments of various partnerships whose portfolios include debt securities, equity securities, and investments in various limited liability corporations. The purpose is to generate appreciation while managing risk through diversification.
- (d) Common Trust Funds - Shares in commingled vehicles encompassing several investment assets within a common management strategy, which includes indexes, bond funds and treasuries. The purpose is to generate appreciation while managing risk through diversification.

The following tables summarize the significant unobservable inputs JDC used to value one investment categorized as Level 3. The tables below are not meant to be all inclusive, but instead capture the significant unobservable inputs relevant to determination of fair value at December 31, 2017 and 2016.

<b>2017</b>				
<b>Assets Type</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Capitalization Rate</b>
Voting common shares	\$ 10,130,112	Income approach	Capitalization rate an average of net income before taxes	9.60 %

<b>2016</b>				
<b>Assets Type</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Capitalization Rate</b>
Voting common shares	\$ 9,072,000	Income approach	Capitalization rate an average of net income before taxes	10.80 %

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Investment return consisted of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 4,929,952	\$ 4,430,724
Unrealized gains on investments	55,487,481	20,292,705
Realized gains on investments	<u>16,885,591</u>	<u>3,688,209</u>
	77,303,024	28,411,638
Unrelated Business Income Tax	498	(2,231,315)
Investment fees	<u>(2,352,873)</u>	<u>(1,681,723)</u>
Total investment gain	<u>\$ 74,950,649</u>	<u>\$ 24,498,600</u>

Included in due to others in the accompanying consolidated statements of financial position is \$16,965,635 and \$16,632,975 held on behalf of ESHEL and \$4,882,215 and \$3,883,659 held on behalf of other entities for a total of \$21,847,850 and \$20,516,634 as of December 31, 2017 and 2016, respectively.

**9. FIXED ASSETS, NET**

Fixed assets, net consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Estimated Useful Lives</u>
<b>Headquarters, New York</b>				
Leasehold improvements	\$ 6,718,168	\$ 2,735,533	\$ 3,982,635	10 years
Software project costs	2,669,138	1,314,731	1,354,407	5 years
Furniture and equipment	<u>1,392,361</u>	<u>308,450</u>	<u>1,083,911</u>	5 years
Total Headquarters, New York	<u>10,779,667</u>	<u>4,358,714</u>	<u>6,420,953</u>	
<b>Overseas</b>				
<b>Argentina</b>				
Buildings	280,500	97,430	183,070	50 years
<b>Israel</b>				
Land	600,000	-	600,000	
Buildings and improvements	16,893,328	5,277,618	11,615,710	50 years
Equipment	433,764	149,586	284,178	5 years
<b>Former Soviet Union</b>				
Buildings	41,460,222	13,249,161	28,211,061	50 years
Furniture and equipment	972,967	388,021	584,946	5 years
<b>Other Overseas Fixed Assets</b>	<u>1,598,716</u>	<u>1,318,962</u>	<u>279,754</u>	5 years
Total overseas	<u>62,239,497</u>	<u>20,480,778</u>	<u>41,758,719</u>	
Total	<u>\$ 73,019,164</u>	<u>\$ 24,839,492</u>	<u>\$ 48,179,672</u>	

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	<b>2016</b>			<b>Estimated Useful Lives</b>
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	
<b>Headquarters, New York</b>				
Leasehold improvements	\$ 2,546,680	\$ 2,131,535	\$ 415,145	10 years
Software project costs	2,271,249	819,992	1,451,257	5 years
Furniture and equipment	<u>188,015</u>	<u>188,015</u>	<u>-</u>	5 years
Total Headquarters, New York	<u>5,005,944</u>	<u>3,139,542</u>	<u>1,866,402</u>	
<b>Overseas</b>				
<b>Argentina</b>				
Buildings	280,500	91,820	188,680	50 years
<b>Israel</b>				
Land	600,000	-	600,000	
Buildings and improvements	16,893,328	4,913,606	11,979,722	50 years
Equipment	133,094	124,423	8,671	5 years
<b>Former Soviet Union</b>				
Buildings	39,514,747	7,720,862	31,793,885	50 years
Furniture and equipment	1,188,925	371,616	817,309	5 years
<b>Other Overseas Fixed Assets</b>	<u>947,936</u>	<u>637,057</u>	<u>310,879</u>	5 years
Total overseas	<u>59,558,530</u>	<u>13,859,384</u>	<u>45,699,146</u>	
Total	<u>\$ 64,564,474</u>	<u>\$ 16,998,926</u>	<u>\$ 47,565,548</u>	

FSU buildings at December 31, 2017 and 2016 are stated net of impairment of \$660,381 and \$5,399,975, respectively. Building impairment is presented net of change in deferred tax liability in the Consolidated Statement of Functional Expenses.

Assets held for sale totaled \$2,073,226 and \$2,748,727, net of impairment of \$93,500 and \$34,531, as of December 31, 2017 and 2016, respectively. These buildings were approved by the board to be sold and are actively being marketed. One of the buildings held for sale in Israel was sold in early 2017, which resulted in a gain on sale of \$4,319,900. The rest of the buildings held for sale are still actively being marketed.

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**10. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2017 and 2016 are available for:

	<u>2017</u>	<u>2016</u>
Relief, Welfare and Health	\$ 50,067,075	\$ 43,926,221
Empowering and Training	9,898,688	5,302,420
Social Development and Strengthening Jewish Life	12,243,844	10,950,529
Research and Development	56,638,727	51,739,238
Rescue and International Development Programs	5,059,728	4,901,829
Next Generation and Spread JDC Mission	3,025,678	2,084,450
Awaiting Appropriation for Program	22,289,331	20,364,140
Restricted for time	5,393,562	5,402,509
Wohl Charitable Foundation and other consolidated entities	184,034,689	163,169,968
	<u>\$ 348,651,322</u>	<u>\$ 307,841,304</u>

During the years ended December 31, 2017 and 2016, temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following restricted purposes:

	<u>2017</u>	<u>2016</u>
Relief, Welfare and Health	\$ 36,373,453	\$ 41,038,264
Empowering and Training	19,086,327	16,533,150
Social Development and Strengthening Jewish Life	10,970,461	20,030,753
Research and Development	7,480,233	8,454,723
Global Rescue and International Development Programs	3,878,998	5,439,039
Other	6,394,643	5,769,281
Management and General	1,575,229	1,576,291
	<u>\$ 85,759,344</u>	<u>\$ 98,841,501</u>

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Permanently restricted net assets as of December 31, 2017 and 2016 are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2017</u>	<u>2016</u>
Relief, Welfare and Health	\$ 5,488,937	\$ 5,607,583
Empowerment and Training	1,401,545	1,401,545
Social Development and Strengthening Jewish Life	1,139,990	639,990
Research and Development	6,400,000	6,450,000
Next Generation and Spread JDC Mission	400,000	400,000
Multifunctional	<u>26,752,398</u>	<u>21,196,052</u>
	41,582,870	35,695,170
Annuity trust agreements	<u>648,193</u>	<u>654,462</u>
	<u>\$ 42,231,063</u>	<u>\$ 36,349,632</u>

**11. CONTRIBUTIONS RECEIVABLE, NET**

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates ranging from 2.84% to 3.84%. Included in the discount rate is a credit risk adjustment of 1.5% for fiscal years 2017 and 2016. As of December 31, 2017 and 2016, contributions receivable consisted of the following:

	<u>2017</u>
Amounts due in:	
2018	\$ 20,889,267
2019	5,468,058
2020	2,524,542
2021	1,890,968
Thereafter	<u>2,443,563</u>
	33,216,398
Less: discount to present value	(851,988)
Less: allowance for uncollectible amounts	<u>(1,785,323)</u>
Contributions receivable, net	<u>\$ 30,579,087</u>

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	<u>2016</u>
Amounts due in:	
2017	\$ 23,969,941
2018	2,290,219
2019	1,034,650
2020	665,000
Thereafter	<u>400,000</u>
	28,359,810
Less: discount to present value	(193,539)
Less: allowance for uncollectible amounts	<u>(1,416,903)</u>
Contributions receivable, net	<u>\$ 26,749,368</u>

**12. SPLIT-INTEREST AGREEMENTS**

JDC is a beneficiary under certain split-interest agreements in which the donor has established a charitable remainder trust or charitable gift annuity. JDC invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. The fair value of the investments related to split-interest agreements totaled \$4,989,759 and \$4,952,519 at December 31, 2017 and 2016, respectively, and are included in investments on the consolidated statements of financial position. Contribution revenues for split-interest agreements are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present value of payments to beneficiaries is calculated using a discount rate which ranged from 4.4% to 9.8%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the consolidated statement of activities.

At December 31, 2017 and 2016, JDC's obligations to annuitants pertaining to split-interest agreements are classified as Level 3 within the fair value hierarchy, which are reported as annuity obligations in the accompanying consolidated statements of financial position. The following table summarizes the changes in split-interest agreement liabilities for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<b>Beginning of the year</b>	\$ 2,301,775	\$ 1,918,077
New agreements	40,259	50,332
Payments to annuitants	(453,482)	(449,141)
Other	-	(9,914)
Change in value due to actuarial valuations	<u>317,840</u>	<u>792,421</u>
<b>End of the year</b>	<u>\$ 2,206,392</u>	<u>\$ 2,301,775</u>

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**13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Accrued salaries and benefits	\$ 19,734,744	\$ 19,950,927
Joint Israel operating commitments	13,123,726	19,473,518
Wohl Charitable Foundation grants payable	8,511,776	9,691,091
Deferred tax liability	-	1,891,672
Deferred rent	2,781,615	2,685,318
Deferred grant revenue	2,431,380	2,293,307
Due for New York office construction	1,545,872	-
Other	7,230,412	5,694,131
	<u>\$ 55,359,525</u>	<u>\$ 61,679,964</u>

**14. INCOME TAXES**

AJJD Real Estate Company Limited (“AREC”) is subject to tax on its profits in each jurisdiction in which it operates. JDC accounts for deferred taxes under the assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The tax effect of asset purchases that are not business combinations, in which the cost of asset contributed by the shareholders differs from the tax basis of the asset, is determined by the simultaneous equations method to record the assigned value of the asset and the related deferred tax asset or liability.



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Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

**Calculation of Tax Provision for AREC:**

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Income tax - current year	\$ 186,696	\$ 33,171
Defence contribution - prior years	-	(14,396)
Deferred tax - charge (benefit)	<u>(1,891,672)</u>	<u>(1,121,798)</u>
<b>Charge (Credit) for the year</b>	<u>\$ (1,704,976)</u>	<u>\$ (1,103,023)</u>

AREC is subject to corporate tax on its taxable profits at the rate of 12.5% in 2017 and 2016, respectively and the defence contribution rate is 30%. Capital gains are taxed at the rate of 20%.

The applicable tax rates for income tax in other jurisdictions are as follows for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Russia	20 %	20 %
Ukraine	18 %	18 %

The open tax years of the head office and its branches as of December 31, 2017 are as follows:

Head Office	2009 - 2017
Moscow Branch	2013 - 2017
St. Petersburg Branch	2013 - 2017
Ukraine Branch	2011 - 2017

**AREC Deferred Tax Liability:**

As a result of management review of the economic conditions in Ukraine, JDC made a decision not to depreciate its buildings located in that country, under Ukrainian tax law. A deferred tax liability accrued in the past as a cumulative difference between book and tax depreciation was reversed in 2017, as a result of this decision. The total amount of a deferred tax liability reversed during the period ended 12/31/2017 is \$1,891,672.

**15. ENDOWMENT FUNDS**

**General**

JDC's permanently restricted endowments consist of individual donor-restricted endowment funds established to support activities of JDC, as well as accumulation of income from these funds. It also includes funds designated by JDC's Board of Directors to function as an endowment (quasi-endowment). As required by US GAAP, net assets associated with endowment funds, including funds designated by

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JDC's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

JDC has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, JDC classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JDC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of JDC and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JDC
- The investment policies of JDC
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on JDC

**Return Objectives, Strategies Employed and Spending Policy**

The objective of JDC is to maintain the principal endowment funds at the historical dollar value designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. JDC has a policy of appropriating for distribution between 4.5% and 5% of its endowment fund's average fair value over the prior twelve quarters.

Permanent endowment net asset composition consisted of following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investment in perpetuity, the income from which is expendable to support activities of JDC	\$ 41,453,494	\$ 35,565,795
Endowments requiring a portion of income to be added to original gift	129,376	129,376
Annuity trust agreements	<u>648,193</u>	<u>654,461</u>
Total permanently restricted endowments	<u>\$ 42,231,063</u>	<u>\$ 36,349,632</u>

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Endowment net asset composition by type of fund as of December 31, 2017 and 2016 is as follows:

	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted funds	\$ -	\$ 20,463,360	\$ 42,231,063	\$ 62,694,423
Board-designated funds	<u>40,795,687</u>	<u>-</u>	<u>-</u>	<u>40,795,687</u>
	<u>\$ 40,795,687</u>	<u>\$ 20,463,360</u>	<u>\$ 42,231,063</u>	<u>\$ 103,490,110</u>

  

	<b>2016</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted funds	\$ -	\$ 15,502,835	\$ 36,349,632	\$ 51,852,467
Board-designated funds	<u>27,357,655</u>	<u>-</u>	<u>-</u>	<u>27,357,655</u>
	<u>\$ 27,357,655</u>	<u>\$ 15,502,835</u>	<u>\$ 36,349,632</u>	<u>\$ 79,210,122</u>

The following tables summarize endowment net asset composition by type of fund as of December 31, 2017 and 2016.

	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
<b>Endowment net assets, beginning of year</b>	\$ 27,357,655	\$ 15,502,835	\$ 36,349,632	\$ 79,210,122
Investment gain	4,011,327	7,091,439	11,032	11,113,798
Contributions and Board designations	10,985,947	-	2,918,578	13,904,525
Actuarial loss on annuity obligations	-	-	(13,931)	(13,931)
Appropriation of endowment assets for expenditure	(1,279,113)	(2,130,914)	-	(3,410,027)
Reclassification	<u>(280,129)</u>	<u>-</u>	<u>2,965,752</u>	<u>2,685,623</u>
<b>Endowment net assets, end of year</b>	<u>\$ 40,795,687</u>	<u>\$ 20,463,360</u>	<u>\$ 42,231,063</u>	<u>\$ 103,490,110</u>

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	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets, beginning of year</b>	\$ 26,822,184	\$ 16,057,631	\$ 35,809,323	\$ 78,689,138
Investment gain	1,125,185	1,781,430	13,812	2,920,427
Contributions and Board designations	1,033,000	-	732,620	1,765,620
Actuarial loss on annuity obligations	-	-	(126,123)	(126,123)
Appropriation of endowment assets for expenditure	(1,333,000)	(2,336,226)	-	(3,669,226)
Reclassification	(289,714)	-	(80,000)	(369,714)
<b>Endowment net assets, end of year</b>	<u>\$ 27,357,655</u>	<u>\$ 15,502,835</u>	<u>\$ 36,349,632</u>	<u>\$ 79,210,122</u>

**16. TRANSACTIONS WITH RELATED PARTIES:**

**Supported Organizations in the Former Soviet Union (“FSU”)**

JDC carries out its programs through various organizations in the FSU. JDC made distributions of \$101,554,521 and \$99,126,612 during 2017 and 2016, respectively, for various program services to these organizations. These expenditures are reflected in the consolidated statements of functional expenses.

**Projects for the Public Benefit in Israel:**

JDC through Joint Israel works in partnership with the Government of Israel and other third parties to support projects in Israel for the public benefit.

ASHALIM - Association for Planning and Development of Services for Children and Youth at Risk and their Families

ESHEL - The Association for the Planning and Development of Services for the Aged in Israel

TEVET - Fighting Poverty through Employment

NPTECH - Information and communication technologies for civil society organizations

ELFANAR - A company for public benefit (incorporated in 2013) dedicated to the development of employment opportunities and professionalism in the Arab Sector

A description of the transactions and their dollar amounts with the above mentioned entities for the years ended December 31, 2017 and 2016 are presented below:

	ASHALIM	ESHEL	TEVET	NPTECH	ELFANAR	Total
Expenditures for expenses incurred by related parties net of reimbursements	<u>\$ 6,269,037</u>	<u>\$ 8,904,590</u>	<u>\$ 5,117,826</u>	<u>\$ 53,048</u>	<u>\$ 13,302,288</u>	<u>\$ 33,646,789</u>

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	2016					
	ASHALIM	ESHEL	TEVET	NPTECH	ELFANAR	Total
Expenditures for expenses incurred by related parties net of reimbursements	<u>\$ 4,982,384</u>	<u>\$ 6,952,185</u>	<u>\$ 4,137,998</u>	<u>\$ 387,987</u>	<u>\$ 12,731,104</u>	<u>\$ 29,191,658</u>

Included in due to others in the accompanying consolidated statements of financial position is \$16,965,635 and \$16,632,975 held on behalf of ESHEL and \$4,882,215 and \$3,883,659 held on behalf of other entities for a total of \$21,847,850 and \$20,516,634 as of December 31, 2017 and 2016, respectively.

**17. MAURICE AND VIVIENNE WOHL CHARITABLE FOUNDATION (THE “FOUNDATION”)**

This independent Foundation is a British West Indies charity established by a trust deed dated May 21, 1998. The objectives of the Foundation are that the income and capital of the Trust is held for the benefit of recognized charitable organizations as the Trustee(s) shall in its discretion determine to benefit the Jewish people, whether in the State of Israel or in the Diaspora, and in particular for the advancement of general and vocational education; the promotion of Jewish religion and studies; cultural programs; programs for the handicapped, retarded, and physically impaired; medical facilities, services, and medical research; rehabilitation services; programs for the aged; programs for immigrants and other social welfare programs; and general relief of poverty, indigence, and distress. To achieve this objective, it is the goal of the Foundation to make annual grants of approximately 5% of the fund value for these purposes.

With the death of both Maurice and Vivienne Wohl, JDC was designated the “Appointor” and was directed to insure that the charitable mission of the Maurice and Vivienne Wohl Charitable Foundation is carried out. It was the stated intention of Maurice and Vivienne Wohl that when fully funded the Foundation would fall under the protective umbrella of JDC. It was JDC whom they entrusted with the role of acting as the “Appointor” of the Protectors of the Foundation in their place.

The Appointor has the authority to add or remove members of the Protector Committee. The Protector Committee has the power to appoint the trustees. The trustees are responsible for the day-to-day operations of the trust and make recommendations for grants in accordance with the charitable mission of the Foundation.

The Foundation operates as a separate independent grant-making body in accordance with the terms of its mission statement as defined in the Trust Deed agreement. It is consolidated with JDC due to common board control and economic interest as required by US GAAP.

During the years ended December 31, 2017 and 2016, the Foundation gave grants totaling \$-0- and \$5,515,720, respectively, to JDC. The 2016 grants consist of \$4,840,000 to be paid over 10 years (2017-2026), \$300,000 to be paid over 2 years (2016-2017) and \$375,720 to be paid over 3 years (2016-2018). These amounts have been eliminated in consolidation.