Jewish Federation of Metropolitan Chicago

Consolidated Financial Report
June 30, 2016 and 2015

Contents

Independent Auditor's Report

To the Board of Directors
Jewish Federation of Metropolitan Chicago

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the Jewish Federation of Metropolitan Chicago (Federation) and subsidiaries which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, 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. We did not audit the financial statements of Michael Reese Health Trust (Trust), a wholly-owned subsidiary, which statements reflect total assets constituting 8.1 percent and 8.6 percent, respectively, of consolidated total assets at June 30, 2016 and 2015, and total revenues constituting 4.0 percent and 3.6 percent, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Trust, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, based on our audits and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Federation of Metropolitan Chicago and subsidiaries as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
December 21, 2016

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Financial Position
June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Custodian	Total All Funds 2016
Assets					
Cash and cash equivalents	$ 33,046,605	$ -	$ -	$ -	$ 33,046,605
Due from broker	3,795,237	-	-	-	3,795,237
Investments	1,333,371,715	85,556,031	44,498,320	11,509,240	1,474,935,306
Overpayments and advances of appropriations	146,958	-	-	-	146,958
Pledges and other receivables	9,241,316	34,499,458	-	632,103	44,372,877
Due from Jewish United Fund of Metropolitan Chicago	7,287,142	-	-	-	7,287,142
Due from JFMC Facilities Corporation	28,903,500	-	-	-	28,903,500
Loans receivable - affiliated agencies and other beneficiaries	13,153,810	5,483	-	-	13,159,293
Other assets	391,764	-	-	-	391,764
Advanced contributions to underlying funds	23,000,000	-	-	-	23,000,000
Beneficial interest in charitable trusts	-	-	36,544,199	-	36,544,199
Real estate, net	727,124	-	-	-	727,124
Interfund accounts	2,548,140	(15,193,604)	12,897,188	(251,724)	-
	$ 1,455,613,311	$ 104,867,368	$ 93,939,707	$ 11,889,619	$ 1,666,310,005

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Custodian	Total All Funds 2016
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 10,537,943	$ -	$ -	$ -	$ 10,537,943
Appropriations payable	1,489,139	-	-	-	1,489,139
Subscriptions received in advance	773,673	-	-	-	773,673
Funds invested on behalf of Unitholders	233,008,084	-	-	-	233,008,084
Other liabilities	12,992,357	-	-	-	12,992,357
Support Foundations distributions payable	27,457,780	-	-	-	27,457,780
Interest rate swap liability	29,062,331	-	-	-	29,062,331
Loans payable	35,036,240	-	-	-	35,036,240
Tax exempt debt	8,395,000	-	-	-	8,395,000
Funds held for others	4,535,901	10,542,801	-	11,889,619	26,968,321
	363,288,448	10,542,801	-	11,889,619	385,720,868
Net assets (deficit):					
Unrestricted:					
Noncontrolling interest in investments	117,097,267	-	-	-	117,097,267
Designated by the governing board for the following:					
Donor advised funds	134,584,347	-	-	-	134,584,347
Long-term investments	845,236,152	-	-	-	845,236,152
Land, building and equipment	(4,592,903)	-	-	-	(4,592,903)
Temporarily restricted	-	94,324,567	-	-	94,324,567
Permanently restricted	-	-	93,939,707	-	93,939,707
	1,092,324,863	94,324,567	93,939,707	-	1,280,589,137
	$ 1,455,613,311	$ 104,867,368	$ 93,939,707	$ 11,889,619	$ 1,666,310,005

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Financial Position
June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Custodian	Total All Funds 2015
Assets					
Cash and cash equivalents	$ 49,006,158	$ -	$ -	$ -	$ 49,006,158
Investments	1,357,375,561	108,136,384	44,567,460	9,487,913	1,519,567,318
Overpayments and advances of appropriations	174,344	-	-	-	174,344
Pledges and other receivables	8,515,081	27,465,152	-	239,954	36,220,187
Due from Jewish United Fund of Metropolitan Chicago	6,142,877	-	-	-	6,142,877
Due from JFMC Facilities Corporation	30,526,351	-	-	-	30,526,351
Loans receivable - affiliated agencies and other beneficiaries	14,157,976	5,483	-	-	14,163,459
Other assets	375,960	-	-	-	375,960
Advanced contributions to underlying funds	15,000,000	-	-	-	15,000,000
Beneficial interest in charitable trusts	-	-	39,625,211	-	39,625,211
Real estate, net	729,261	-	-	-	729,261
Interfund accounts	3,768,179	(13,512,417)	9,699,248	44,990	-
	$ 1,485,771,748	$ 122,094,602	$ 93,891,919	$ 9,772,857	$ 1,711,531,126

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Financial Position (Continued)
June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Custodian	Total All Funds 2015
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 10,064,894	$ -	$ -	$ -	$ 10,064,894
Appropriations payable	1,806,044	-	-	-	1,806,044
Subscriptions received in advance	1,144,878	-	-	-	1,144,878
Funds invested on behalf of Unitholders	219,869,357	-	-	-	219,869,357
Other liabilities	11,299,694	-	-	-	11,299,694
Support Foundations distributions payable	24,021,507	-	-	-	24,021,507
Interest rate swap liability	21,103,403	-	-	-	21,103,403
Loans payable	25,085,520	-	-	-	25,085,520
Tax exempt debt	8,860,000	-	-	-	8,860,000
Funds held for others	4,986,048	11,326,672	-	9,772,857	26,085,577
	328,241,345	11,326,672	-	9,772,857	349,340,874
Net assets (deficit):					
Unrestricted:					
Noncontrolling interest in investments	121,911,884	-	-	-	121,911,884
Designated by the governing board for the following:					
Donor advised funds	148,015,525	-	-	-	148,015,525
Long-term investments	892,193,760	-	-	-	892,193,760
Land, building and equipment	(4,590,766)	-	-	-	(4,590,766)
Temporarily restricted	-	110,767,930	-	-	110,767,930
Permanently restricted	-	-	93,891,919	-	93,891,919
	1,157,530,403	110,767,930	93,891,919	-	1,362,190,252
	$ 1,485,771,748	$ 122,094,602	$ 93,891,919	$ 9,772,857	$ 1,711,531,126

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Activities
Year Ended June 30, 2016

	Unrestricted								
		Noncontrolling	Designated						
	Undesignated	Interest in Investments	Donor Advised Funds	Long-Term Investments	Land, Building and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2016
Revenue:									
Public support:									
Direct public support:									
Contributions (inclusive of distributions from certain restricted and donor advised funds)	$ 3,578,102	$ -	$ -	$ 22,028,393	$ -	$ 25,606,495	$ 15,468,475	$ 1,845,835	$ 42,920,805
Contributions designated for donor advised funds	-	-	24,464,993	-	-	24,464,993	-	-	24,464,993
Distributions from beneficial interest in charitable trusts to support operations	871,892	-	-	-	-	871,892	-	-	871,892
Total received directly	4,449,994	-	24,464,993	22,028,393	-	50,943,380	15,468,475	1,845,835	68,257,690
Indirect public support:									
Allocations by federated fund-raising organizations:									
Jewish United Fund of Metropolitan Chicago	33,357,878	-	-	-	-	33,357,878	-	-	33,357,878
United Way (includes Chicago and Suburban)	1,028,325	-	-	-	-	1,028,325	-	-	1,028,325
Total received indirectly	34,386,203	-	-	-	-	34,386,203	-	-	34,386,203
Total public support	38,836,197	-	24,464,993	22,028,393	-	85,329,583	15,468,475	1,845,835	102,643,893
Grants from government agencies and other organizations:									
Refugee and Immigrant Social Service Program income	3,762,036	-	-	-	-	3,762,036	-	-	3,762,036
Other	69,600	-	-	-	-	69,600	-	-	69,600
Total grants from government agencies and other organizations	3,831,636	-	-	-	-	3,831,636	-	-	3,831,636
Miscellaneous revenue	1,878,321	-	-	2,194,104	-	4,072,425	4,150	-	4,076,575
Total directly related revenue	5,709,957	-	-	2,194,104	-	7,904,061	4,150	-	7,908,211
Other revenue:									
Investment income (net of related fees and interest expense of approximately $4,545,845)	110,485	-	1,940,219	4,333,448	-	6,384,152	(344,049)	-	6,040,103
Loss on investment activity (net)	-	-	(5,022,883)	(15,733,554)	-	(20,756,437)	(3,299,480)	-	(24,055,917)
Unrealized loss on beneficial interest in charitable trusts	-	-	-	-	-	-	-	(3,081,012)	(3,081,012)
Unrealized loss on fair value of swap arrangements	-	-	-	(7,457,626)	-	(7,457,626)	-	-	(7,457,626)
	110,485	-	(3,082,664)	(18,857,732)	-	(21,829,911)	(3,643,529)	(3,081,012)	(28,554,452)
Transfer of net assets released from restrictions									
Satisfaction of restrictions	4,580,180	-	9,500	25,559,235	-	30,148,915	(30,148,915)	-	-
Total revenue	$ 49,236,819	$ -	$ 21,391,829	$ 30,924,000	$ -	$ 101,552,648	$ (18,319,819)	$ (1,235,177)	$ 81,997,652

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2016

	Unrestricted								
			Designated						
	Undesignated	Noncontrolling Interest in Investments	Donor Advised Funds	Long-Term Investments	Land, Building and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2016
Expenses:									
Appropriations and distributions:									
Appropriations	$ 38,632,169	$ -	$ -	$ -	$ -	$ 38,632,169	$ -	$ -	$ 38,632,169
Distributions	4,580,180	-	30,777,125	56,586,011	-	91,943,316	-	-	91,943,316
Grants	3,668,002	-	-	8,168,284	-	11,836,286	-	-	11,836,286
Other	-	-	-	1,121,724	-	1,121,724	-	-	1,121,724
Total appropriations, distributions and grants	46,880,351	-	30,777,125	65,876,019	-	143,533,495	-	-	143,533,495
Functional expenses:									
Management and Administration	4,525,880	-	-	1,756,871	-	6,282,751	-	-	6,282,751
Program Services	4,863,769	-	-	4,101,998	-	8,965,767	-	-	8,965,767
Total functional expenses	9,389,649	-	-	5,858,869	-	15,248,518	-	-	15,248,518
Depreciation	-	-	-	-	2,137	2,137	-	-	2,137
	-	-	-	-	2,137	2,137	-	-	2,137
Total expenses	56,270,000	-	30,777,125	71,734,888	2,137	158,784,150	-	-	158,784,150
Deficiency of revenue over expenses	(7,033,181)	-	(9,385,296)	(40,810,888)	(2,137)	(57,231,502)	(18,319,819)	(1,235,177)	(76,786,498)
Other changes in net assets:									
Transfer to fund deferred compensation	85,539	-	-	(85,539)	-	-	-	-	-
Transfer between funds	780,579	-	(4,045,882)	-	-	(3,265,303)	1,982,338	1,282,965	-
Transfer from endowment funds to support operations	6,167,063	-	-	(6,061,181)	-	105,882	(105,882)	-	-
Increase (decrease) in net assets - JFMC	-	-	(13,431,178)	(46,957,608)	(2,137)	(60,390,923)	(16,443,363)	47,788	(76,786,498)
Noncontrolling interest in investments	-	(4,814,617)	-	-	-	(4,814,617)	-	-	(4,814,617)
Increase (decrease) in net assets	-	(4,814,617)	(13,431,178)	(46,957,608)	(2,137)	(65,205,540)	(16,443,363)	47,788	(81,601,115)
Net assets (deficit):									
Beginning of fiscal year	-	121,911,884	148,015,525	892,193,760	(4,590,766)	1,157,530,403	110,767,930	93,891,919	1,362,190,252
End of fiscal year	$ -	$ 117,097,267	$ 134,584,347	$ 845,236,152	$ (4,592,903)	$ 1,092,324,863	$ 94,324,567	$ 93,939,707	$ 1,280,589,137

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Activities
Year Ended June 30, 2015

	Unrestricted								
			Designated						
	Undesignated	Noncontrolling Interest in Investments	Donor Advised Funds	Long-Term Investments	Land, Building and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2015
Revenue:									
Public support:									
Direct public support:									
Contributions (inclusive of distributions from certain restricted and donor advised funds)	$ 3,028,035	$ -	$ -	$ 22,864,812	$ -	$ 25,892,847	$ 20,428,800	$ 798,284	$ 47,119,931
Contributions designated for donor advised funds	-	-	30,411,617	-	-	30,411,617	-	-	30,411,617
Distributions from beneficial interest in charitable trusts to support operations	802,154	-	-	-	-	802,154	-	-	802,154
Total received directly	3,830,189	-	30,411,617	22,864,812	-	57,106,618	20,428,800	798,284	78,333,702
Indirect public support:									
Allocations by federated fund-raising organizations:									
Jewish United Fund of Metropolitan Chicago	33,989,202	-	-	-	-	33,989,202	-	-	33,989,202
United Way (includes Chicago and Suburban)	1,028,325	-	-	-	-	1,028,325	-	-	1,028,325
Total received indirectly	35,017,527	-	-	-	-	35,017,527	-	-	35,017,527
Total public support	38,847,716	-	30,411,617	22,864,812	-	92,124,145	20,428,800	798,284	113,351,229
									-
Grants from government agencies and other organizations:									
Refugee and Immigrant Social Service Program income	4,021,972	-	-	-	-	4,021,972	-	-	4,021,972
Other	649,277	-	-	-	-	649,277	-	-	649,277
Total grants from government agencies and other organizations	4,671,249	-	-	-	-	4,671,249	-	-	4,671,249
Miscellaneous revenue	1,481,578	-	-	1,201,253	-	2,682,831	52,050	-	2,734,881
Total directly related revenue	6,152,827	-	-	1,201,253	-	7,354,080	52,050	-	7,406,130
Other revenue:									
Investment income (net of related fees and interest expense of approximately $4,611,863)	291,058	-	3,937,983	12,947,489	-	17,176,530	565,833	-	17,742,363
Gain (loss) on investment activity (net)	-	-	(1,107,867)	26,691,649	-	25,583,782	(68,817)	-	25,514,965
Unrealized loss on beneficial interest in charitable trusts	-	-	-	-	-	-	-	(1,946,425)	(1,946,425)
Unrealized loss on fair value of swap arrangements	-	-	-	(9,925)	-	(9,925)	-	-	(9,925)
	291,058	-	2,830,116	39,629,213	-	42,750,387	497,016	(1,946,425)	41,300,978
Transfer of net assets released from restrictions									
Satisfaction of restrictions	8,156,489	-	34,250	2,677,301	-	10,868,040	(10,868,040)	-	-
Total revenue	$ 53,448,090	$ -	$ 33,275,983	$ 66,372,579	$ -	$ 153,096,652	$ 10,109,826	$ (1,148,141)	$ 162,058,337

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2015

	Unrestricted								
			Designated						
	Undesignated	Noncontrolling Interest in Investments	Donor Advised Funds	Long-Term Investments	Land, Building and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2015
Expenses:									
Appropriations and distributions:									
Appropriations	$ 38,407,243	$ -	$ -	$ -	$ -	$ 38,407,243	$ -	$ -	$ 38,407,243
Distributions	8,156,489	-	31,535,286	51,974,003	-	91,665,778	-	-	91,665,778
Grants	3,648,796	-	-	7,768,917	-	11,417,713	-	-	11,417,713
Other	-	-	-	201,186	-	201,186	-	-	201,186
Total appropriations, distributions and grants	50,212,528	-	31,535,286	59,944,106	-	141,691,920	-	-	141,691,920
Functional expenses:									
Management and Administration	4,426,459	-	-	1,967,260	-	6,393,719	-	-	6,393,719
Program Services	5,191,185	-	-	3,606,553	-	8,797,738	-	-	8,797,738
Total functional expenses	9,617,644	-	-	5,573,813	-	15,191,457	-	-	15,191,457
Depreciation	-	-	-	-	5,079	5,079	-	-	5,079
	-	-	-	-	5,079	5,079	-	-	5,079
Total expenses	59,830,172	-	31,535,286	65,517,919	5,079	156,888,456	-	-	156,888,456
Excess (deficiency) of revenue over expenses	(6,382,082)	-	1,740,697	854,660	(5,079)	(3,791,804)	10,109,826	(1,148,141)	5,169,881
Other changes in net assets:									
Transfer to fund deferred compensation	145,284	-	-	(145,284)	-	-	-	-	-
Transfer from endowment funds to support operations	6,236,798	-	-	(6,101,833)	-	- 134,965	(134,965)	-	-
Increase (decrease) in net assets - JFMC	-	-	1,740,697	(5,392,457)	(5,079)	(3,656,839)	9,974,861	(1,148,141)	5,169,881
Noncontrolling interest in investments	-	(5,717,407)	-	-	-	(5,717,407)	-	-	(5,717,407)
Increase (decrease) in net assets	-	(5,717,407)	1,740,697	(5,392,457)	(5,079)	(9,374,246)	9,974,861	(1,148,141)	(547,526)
Net assets (deficit):									
Beginning of fiscal year	-	127,629,291	146,274,828	897,586,217	(4,585,687)	1,166,904,649	100,793,069	95,040,060	1,362,737,778
End of fiscal year	$ -	$ 121,911,884	$ 148,015,525	$ 892,193,760	$ (4,590,766)	$ 1,157,530,403	$ 110,767,930	$ 93,891,919	$ 1,362,190,252

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Functional Expenses
Year Ended June 30, 2016

	Management and Administration	Program Services	Total All Funds 2016
Functional expenses:			
Salaries	$ 3,685,866	$ 1,992,449	$ 5,678,315
Employee health and retirement benefits	158,125	71,733	229,858
Payroll taxes	105,416	47,822	153,238
	3,949,407	2,112,004	6,061,411
Grants	-	4,347,469	4,347,469
Professional fees	546,446	957,035	1,503,481
Occupancy	332,560	413,693	746,253
Telephone	209,710	36,997	246,707
Insurance	112,234	16,431	128,665
Conferences, conventions, meetings and major trips	122,088	416,211	538,299
Information technology	328,194	24,578	352,772
Outside printing and design	16,048	67,238	83,286
Supplies	52,522	105,780	158,302
Staff expenses	30,409	13,329	43,738
Postage and shipping	24,257	90,046	114,303
Membership dues	8,794	6,570	15,364
Subscriptions and reference publications	1,721	1,344	3,065
Bank and credit card fees	254,348	-	254,348
Miscellaneous	294,013	357,042	651,055
Total functional expenses	$ 6,282,751	$ 8,965,767	$ 15,248,518

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Functional Expenses
Year Ended June 30, 2015

	Management and Administration	Program Services	Total All Funds 2015
Functional expenses:			
Salaries	$ 3,549,448	$ 1,717,198	$ 5,266,646
Employee health and retirement benefits	168,781	74,938	243,719
Payroll taxes	112,521	49,959	162,480
	3,830,750	1,842,095	5,672,845
Grants	-	4,602,456	4,602,456
Professional fees	593,108	951,448	1,544,556
Occupancy	320,970	384,955	705,925
Telephone	246,018	31,149	277,167
Insurance	121,786	24,638	146,424
Conferences, conventions, meetings and major trips	128,370	310,083	438,453
Information technology	368,002	27,612	395,614
Outside printing and design	14,231	56,065	70,296
Supplies	21,338	74,256	95,594
Staff expenses	27,446	14,467	41,913
Postage and shipping	27,120	73,964	101,084
Membership dues	2,230	8,258	10,488
Subscriptions and reference publications	1,485	715	2,200
Bank and credit card fees	156,282	-	156,282
Miscellaneous	534,583	395,577	930,160
Total functional expenses	$ 6,393,719	$ 8,797,738	$ 15,191,457

See notes to consolidated financial statements.

Jewish Federation of Metropolitan Chicago

Consolidated Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
(Decrease) increase in net assets - JFMC	$ (76,786,498)	$ 5,169,881
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	2,137	5,079
Change in allowance for uncollectible pledges	53,974	306,700
Change in allowance for loan loss	-	906,000
Net realized gain on investments	(12,135,989)	(63,924,651)
Net change in unrealized gain on investments	35,077,050	37,705,861
Net change in unrealized gain on beneficial interests in charitable trusts	3,081,012	1,946,425
Net change in unrealized gain on charitable gift annuities	1,114,856	703,825
Change in unrealized loss on fair value of swap arrangements	7,457,626	9,925
Permanently restricted contributions	(1,845,835)	(798,284)
Changes in:		
Overpayments and advances of appropriations	27,386	49,908
Pledges and other receivables	(3,653,992)	(1,426,422)
Due from Jewish United Fund and JFMC Facilities	478,586	(1,531,609)
Other assets	(15,804)	(107,984)
Advanced contributions to underlying funds	(8,000,000)	(15,000,000)
Subscriptions received in advance	(371,205)	(201,095)
Accounts payable, accrued expenses and other liabilities	(2,834,289)	3,476,614
Appropriations payable	(316,904)	25,835
Support Foundations - distributions payable	3,436,273	3,850,018
Funds held for others	882,744	(383,819)
Net cash used in operating activities	(54,348,872)	(29,217,793)
Cash flows from investing activities:		
Net purchases of investments	29,580,455	36,055,750
Additions to charitable gift annuities	268,380	1,673,727
Change in investment redemption	(3,795,237)	-
Collections of loans receivable from affiliated agencies and other beneficiaries	1,616,723	527,246
Issuances of loans receivable from affiliated agencies and other beneficiaries	(612,557)	(1,207,419)
Net cash provided by investing activities	27,057,764	37,049,304
Cash flows from financing activities:		
Permanently restricted contributions	1,845,835	798,284
Payments on loans payable	(2,183,366)	(66,144,000)
Proceeds on loans payable	12,134,086	68,236,915
Payments on tax exempt debt	(465,000)	(455,000)
Net cash provided by financing activities	11,331,555	2,436,199
(Decrease) increase in cash and cash equivalents	(15,959,553)	10,267,710
Cash and cash equivalents:		
Beginning of year	49,006,158	38,738,448
End of year	$ 33,046,605	$ 49,006,158
Supplemental disclosure of cash flow information:		
Interest paid	$ 485,127	$ 397,892
Supplemental schedule of noncash investing and financing activities:		
Change in tracking unit and noncontrolling interest investments	$ 3,265,659	$ (10,605,310)

See notes to consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

The Jewish Federation of Metropolitan Chicago (JFMC) is a not-for-profit social service organization that makes appropriations to its affiliated agencies (pursuant to certain "Principles of Affiliation Agreements") and other beneficiaries, which are primarily engaged in charitable, educational, social welfare and health activities.

The major source of funds for current operations of JFMC is provided by the Jewish United Fund of Metropolitan Chicago (Jewish United Fund), which conducts fundraising activities by means of annual calendar year campaigns and makes allocations to beneficiaries (primarily JFMC and the Jewish Federations of North America). For the fiscal years ended June 30, 2016 and 2015, JFMC received allocations of $33,357,878 and $33,989,202, respectively, from the 2015 and 2014 Jewish United Fund campaigns.

These consolidated financial statements also include the accounts and activities of the following entities:

JFMC Pooled Endowment Portfolio, LLC (PEP) - JFMC holds its pooled investment portfolio in the JFMC Pooled Endowment Portfolio, LLC (see Note 2). JFMC is the manager and administrator of the PEP and is also the majority owner of the PEP. As manager, JFMC owned 86.5 and 85.7 percent of the PEP as of June 30, 2016 and 2015, respectively.

Michael Reese Health Trust (Trust) – The Michael Reese Health Trust is a private charitable foundation whose mission is to support and encourage charitable, educational, and research activities related to health care in the Chicago metropolitan area. JFMC is the sole member of the Trust.

Support Foundations – Support Foundations are separate, not-for-profit corporations which are funded by various donors to support the broad charitable purpose of JFMC (see Note 3). JFMC has both control of the board of directors and an economic interest in the Support Foundations and, accordingly, the Support Foundations have been consolidated into JFMC's financial statements.

The Community Foundation for Jewish Education of Metropolitan Chicago (CFJE) – CFJE is a not-for-profit corporation whose mission is to foster, promote, support, develop, encourage and maintain educational purposes and functions of JFMC. JFMC is the sole member of CFJE and controls the Board of Directors as JFMC has the authority to elect all directors.

The Covenant Foundation – The Covenant Foundation is a not-for-profit organization whose mission is to build on existing strengths within the field of Jewish education across all denominations through all forms of pre-collegiate and adult Jewish education. JFMC has a controlling financial interest in the Covenant Foundation through a majority voting interest of the Board of Directors.

A summary of significant accounting policies followed by JFMC is as follows:

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles applicable to not-for-profit organizations.

Principles of consolidation: In accordance with the accounting guidance on reporting of related entities by not-for-profit organizations, JFMC's consolidated financial statements consolidate the activities of the PEP, Trust, Support Foundations, CFJE and Covenant Foundation (collectively referred to as the Federation). All inter-organizational balances and transactions have been eliminated in consolidation.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of presentation: The Federation follows the accounting guidance on financial statements of not-for-profit organizations, which establishes standards for general-purpose external financial statements issued by not-for-profit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into three classes of net assets - unrestricted, temporarily restricted and permanently restricted, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed restrictions. Also included in unrestricted net assets are the carrying value of all physical properties (land, buildings and equipment), donor advised funds, and long-term investments. Items that affect (i.e., increase or decrease) this net asset category include amounts received from government agencies, program service fees and all expenses associated with the core activities of the organization. In addition to these activities, changes in this category of net assets include the activities of certain types of board designated funds, support foundations and philanthropic support. Also included in this category are unrestricted contributions, indirect public support, investment income (inclusive of gains and losses on investment activity) and restricted contributions whose donor-imposed restrictions were met during the fiscal period.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that will be met either by actions of the Federation or the passage of time. Items that affect this net asset category are restricted contributions and grants. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired.

Permanently restricted net assets: Net assets restricted by donors to be invested in perpetuity are reflected as permanently restricted net assets. Permanently restricted net assets also include beneficial interests in charitable trusts. Investment income, including realized and unrealized gains on such assets, is recorded directly in temporarily restricted income until appropriated for expenditure unless specifically restricted by the donor.

Noncontrolling interest in investments: Noncontrolling interest in investments represents the portion of equity in the PEP owned by four other not-for-profit organizations not affiliated with the Federation. The profit or loss derived from the performance of the PEP is allocated to all members of the PEP including the noncontrolling interest as reflected in the consolidated statements of activities. Noncontrolling interest on the accompanying consolidated financial statements relates to the minority members' 13.5 and 14.3 percent share of the PEP at June 30, 2016 and 2015, respectively.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions also include legacies and bequests, the amounts of which are not currently determinable, and are recorded as received.

Cash and cash equivalents: Cash equivalents are defined as all highly liquid investments purchased with an original maturity of three months or less. The cash balance exceeds federally insured limits. However, the Federation has not experienced any losses in such accounts and management does not believe that it is exposed to any significant credit risk.

Investments: Investments are reported at fair value. The difference between the aggregate fair values of investments as of the end of the year and their fair values at the beginning of the year for investments still owned (or the cost, for acquisitions during the year) and the net gain or losses on dispositions of investments are reflected as net gain or loss on investment activity.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Pledges and other receivables: Pledges receivable are recorded for a donor's unconditional promise to give to the Federation. The allowance for doubtful pledges is based on management's estimate of the collectability of identified receivables (see Note 6).

Pledges receivable are also recorded net of a discount to present value applied to the long-term portion of any multi-year pledge. The discount is amortized over the term of the pledge, and amortization is recorded as contribution revenue on the consolidated statements of activities.

Other receivables primarily consist of government grants receivable and miscellaneous receivables which are expected to be collected in fiscal year 2017. Based on historical experience and an analysis of specific accounts, management has determined that no allowance for doubtful accounts is necessary for other receivables.

JFMC Facilities Corporation (Facilities): Due from Facilities (a special purpose entity) consists primarily of amounts relating to bond financing and advances to meet cash flow requirements. In addition, the Federation occupies office space owned by Facilities at 30 S. Wells in Chicago, Illinois. Occupancy expense paid by the Federation to Facilities for the years ended June 30, 2016 and 2015 was $487,950 and $467,701, respectively.

Beneficial interest in charitable trusts: The Federation has recorded as an asset its beneficial interest in several irrevocable charitable trusts. Distributions received from the charitable trusts are recorded as unrestricted operating revenue.

Subscriptions received in advance: This liability consists of cash received from members and/or Tracking Unitholders (see Note 2) that contributed to the PEP during the year to be effective for the following fiscal year.

Charitable gift annuity and charitable remainder trust obligations: The Federation has entered into various charitable gift annuities and charitable remainder trust agreements with its donors. The Federation is obligated to make payments to the annuitants and trust recipients for the remainder of their lives. This liability is included in the funds held for others on the consolidated statements of financial position. The contributed funds for charitable gift annuities and charitable remainder trusts are recorded on the date the agreement or trust is recognized. Charitable gift annuities and charitable remainder trusts received for the benefit of third-party beneficiaries are recorded at fair value in the Custodian funds (see Note 21).

Donor advised funds: Individuals may establish donor advised funds, whereby each fund and its related earnings may be distributed to charities recommended by the donor, subject to the approval of the Federation. Donor advised funds are classified as unrestricted net assets.

Donated services: No amounts have been reflected herein for donated services because they do not meet the defined requirements for inclusion in the consolidated financial statements.

Refugee and Immigrant Social Service Program: The Federation administers state funds allocated for specified services to refugees and immigrants on behalf of the Illinois Department of Human Services. Funds received and distributions made to participating agencies under these programs are accounted for in the undesignated fund. All costs incurred by the Federation in connection with administering the programs, and reimbursements for such costs from the state agency, are reflected as program expenses and grant revenue on the consolidated statements of activities.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments: The fair value of the Federation's other assets and liabilities that qualify as financial instruments under the accounting guidance on measuring fair value of financial instruments approximates the carrying amounts presented in the consolidated statements of financial position due to the short term maturity of these assets. The carrying amounts reflected in the consolidated statements of financial position for loans and pledges receivable and bank loans and bonds payable approximate their respective fair values because discount and interest rates applied are consistent with current market rates. Management has estimated the fair values by discounting expected cash flows using interest rates that management believes are approximately equal to the interest rates currently available for similar financing arrangements.

Derivative financial instruments: Interest rate swap arrangements are recognized as either an asset or liability at fair value in the consolidated statements of financial position, with changes in fair value reported as net unrealized losses or gains in other revenue on the consolidated statements of activities. The Federation does not consider any derivative instruments to be hedging instruments in accordance with hedge accounting guidance.

Income taxes: JFMC, its Support Foundations, Covenant Foundation, CFJE, and the Trust, Illinois not-for-profit corporations, are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. However, income from certain activities not directly related to the Federation’s tax-exempt purposes, such as unrelated business income allocated from investment partnerships, is subject to taxation.

The PEP, a Delaware LLC, is not subject to federal income tax because its income and losses are includable in the tax returns of its members. The PEP may be required to file returns in various state and local jurisdictions as a result of its operations and the residency of its members.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Federation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Federation and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. At June 30, 2016 and 2015, there were no unrecognized tax benefits identified or recorded as liabilities.

JFMC, the Covenant Foundation, and certain Support Foundations file forms 990 and 990-T in the U.S. federal jurisdiction and the State of Illinois. The remaining Support Foundations file form 990 and the Trust files form 990-PF in the U.S. federal jurisdiction and the State of Illinois. JFMC and its subsidiaries are generally no longer subject to examination by the Internal Revenue Service for years before fiscal year 2013.

Functional expenses: Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated based on specific identification or estimates made by management.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain items for fiscal year 2015 have been reclassified to conform to fiscal year 2016 classifications with no effect on net asset classifications or changes in net assets.

Management estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncement: In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The new standard is effective for JFMC in the fiscal year ending June 30, 2019, early adoption is allowed.

Note 2. JFMC Pooled Endowment Portfolio, LLC

The PEP is a Delaware limited liability company that was organized by JFMC on April 29, 2011 and commenced operations on July 1, 2011 upon the transfer of investments and equity from the Federation (the Manager). As Manager, the Federation makes all investment decisions of the PEP. The PEP was created to serve as an endowment investment solution for charitable organizations pursuing philanthropic goals and provides access to professional investment management, administration and reporting for its members. The PEP may purchase, hold or sell investments directly or through one or more vehicles formed to facilitate the purchase, holding or sale of such investments, including one or more master funds or other entities formed for tax, administrative or operational reasons.

Each member of the PEP has a direct ownership interest in the underlying assets of the PEP and is required to be a not-for-profit organization as described by Section 501(c)(3) of the Internal Revenue Code. The minimum initial investment required to subscribe for an interest in the PEP is $1,000,000 and the minimum additional investment required of investors is $100,000. The Manager may, in its sole discretion, accept subscriptions for a lesser amount or establish different minimum amounts in the future. The Manager may accept subscriptions as of the first business day of each month. The Manager, in its sole discretion, may accept or reject, in whole or in part, any subscription.

As defined in the LLC agreement, withdrawals can be made by members on a monthly basis subject to certain limitations if the withdrawal request exceeds 40 percent of a member's account balance. For withdrawals exceeding 40 percent of a member's account, 50 percent of the withdrawal is paid in the current month and the remaining balance is paid over a five year period. Members are required to provide the Manager with written notice of withdrawal requests by the 15th of each month.

The outside members' equity in the PEP was $117,097,267 and $121,911,884 as of June 30, 2016 and 2015, respectively, which is reflected as noncontrolling interest in investments on the consolidated statements of financial position.

Note 2. JFMC Pooled Endowment Portfolio, LLC (Continued)

JFMC also offers contract rights (Tracking Units) to certain qualified investors (Unitholders) who do not meet the requirements for direct ownership interest in the PEP as defined above. By purchasing Tracking Units, a Unitholder has the option of participating in JFMC's investment in the PEP. The Tracking Units do not represent a direct ownership in the PEP. They represent solely a right to receive redemption payments from the Manager as defined in the Tracking Unit agreement. The Unitholders held $233,008,084 and $219,869,357 of JFMC’s investment in the PEP as of June 30, 2016 and 2015, respectively, which is reported as a liability on the consolidated statements of financial position.

Subscriptions for Tracking Units are accepted as of the first business day of each month, with at least five calendar days' written notice prior to the first day of the month. The minimum initial investment for Tracking Units is $1,000,000, and the minimum additional investment required is $100,000. The number and value of Tracking Units purchased is determined by the Manager, in its sole discretion, based on the value of the PEP as of the date the Tracking Units are purchased and in accordance with the valuation policies and procedures set forth in the PEP's governing documents.

Note 3. Support Foundations

As of June 30, 2016 and 2015, various Support Foundations were consolidated within the Federation’s financial statements. The Support Foundation assets are classified as unrestricted and their revenue and expenses are reported in the “long-term investments” column on the consolidated statements of activities. The following table presents the activity of these Support Foundations.

	2016	2015
Assets:		
Investments	$ 563,823,698	$ 597,320,024
Liabilities:		
Distributions payable	$ 27,457,780	$ 24,021,507
Net assets	536,365,918	573,298,517
	$ 563,823,698	$ 597,320,024
Revenues:		
Contributions	$ 8,178,741	$ 16,441,262
Investment income	1,669,982	2,668,931
Gain (loss) on investment activity, net	(1,872,964)	27,227,362
Other income	181,723	50,177
	8,157,482	46,387,732
Expenses:		
Distributions	43,945,703	41,203,202
Other expenses	1,144,378	987,312
	45,090,081	42,190,514
Increase (decrease) in net assets	$ (36,932,599)	$ 4,197,218

Note 4. Appropriations

Appropriations to JFMC's affiliated agencies and other beneficiaries, which are approved by the Board of Directors, for fiscal years ended June 30, 2016 and 2015 were $38,632,169 and $38,407,243, respectively.

The following table presents changes in the appropriations overpayments and advances and liability accounts for the fiscal years ended June 30, 2016 and 2015.

Balance, July 1, 2014	
Overpayments and advances	$ (224,252)
Liability	1,780,209
	1,555,957
Changes during fiscal year 2015	
Appropriations and adjustments	
Affiliated agencies	23,043,713
Others	15,363,530
	38,407,243
Payments	38,331,500
Net changes	$ 75,743
Balance, June 30, 2015	
Overpayments and advances	$ (174,344)
Liability	1,806,044
	$ 1,631,700
Changes during fiscal year 2016	
Appropriations and adjustments	
Affiliated agencies	$ 23,170,196
Others	15,461,973
	38,632,169
Payments	38,921,688
Net changes	$ (289,519)
Balance, June 30, 2016	
Overpayments and advances	$ (146,958)
Liability	1,489,139
	$ 1,342,181

In accordance with the Principles of Affiliation Agreements between JFMC and its affiliated agencies, the affiliated agencies may not negotiate any merger or material transfer of their assets without approval of JFMC and, in the event of any liquidation, dissolution or winding up of the affairs of an affiliated agency, the net proceeds, after payment of all debts, are to be distributed to JFMC.

Note 5. Shared Costs

Pursuant to an arrangement between the Jewish United Fund and JFMC (which operate from common premises and in many instances utilize the same personnel), the Jewish United Fund makes expenditures for all "common expenses" and charges JFMC for its respective share thereof. Such "common expenses" are allocated among the two organizations.

For fiscal years ended June 30, 2016 and 2015, Jewish United Fund has charged JFMC the net amounts of $3,488,831 and $3,327,370, respectively.

Note 6. Pledges and Other Receivables

Temporarily restricted pledges receivable as of June 30, 2016 consist primarily of unconditional pledges from various individuals. The pledges have been made to support various Federation-sponsored programs and projects including the Ida Crown Jewish Academy Project Endowment Fund, Jewish Day School Guaranty Trust Fund, Joan Dachs Bais Yaakov Elementary School Project Endowment Fund, Abe and Ida Cooper Center Project Endowment Fund, Center for Jewish Genetics Program, Right Start Program, and Jewish Women's Foundation. All pledges expected to be collected after June 30, 2016 are discounted using rates ranging from 1.5 - 4.4 percent. Pledges are payable as follows:

2017	$ 12,276,038
2018	4,689,544
2019	3,267,572
2020	1,500,000
2021	510,251
Thereafter	14,143,831
	36,387,236
Allowance for uncollectible pledges	(1,210,260)
Discount to present value	(677,518)
	$ 34,499,458

Other receivables (unrestricted and custodian) of $9,873,419 are primarily comprised of an amount due from an affiliated agency for its share of the interest rate swap liability of $2,912,067 (see Note 14), grants receivable of approximately $5,190,000 and other miscellaneous receivables.

Note 7. Distributions to Beneficiaries

Distributions are paid to beneficiaries from undesignated net assets (transferred from temporarily restricted net assets in satisfaction of specific donor restrictions) and from board designated net assets (donor advised and other donor directed funds). A summary of distributions paid is as follows:

	2016	2015
Distributions from undesignated net assets		
represented by transfer of net assets released from restriction:		
The ARK	$ 47,017	$ 47,186
CJE SeniorLife	136,324	169,698
Financial assistance for hearing impaired	27,727	26,661
Financial assistance for students	560,925	424,093
Hillel Torah North Suburban Day School	185,700	324,500
Holocaust Community Services	146,903	151,556
Ida Crown Jewish Academy	-	3,069,625
Jewish Agency for Israel	362,000	362,000
Jewish Child and Family Services	85,274	91,129
Jewish Community Centers of Chicago	34,100	32,589
Jewish Day Schools	1,837,835	1,705,939
Jewish Vocational Services	38,920	39,704
JFMC Facilities Corporation	6,092	6,344
Leadership training	19,812	19,332
Mt. Sinai Hospital Medical Center of Chicago	400,000	800,000
Spertus College of Judaica	228,826	248,617
Trips to Israel	37,380	50,990
University Hillel buildings and Hillel programs	135,057	214,795
Youth leadership programs	84,902	81,598
Various other charities	205,388	290,133
Represented by transfer of net assets released from restriction, forward	$ 4,580,180	$ 8,156,489

Note 7. Distributions to Beneficiaries (Continued)

	2016	2015
Distributions from undesignated net assets represented by transfer of net assets released from restriction, forwarded	$ 4,580,180	$ 8,156,489
Designated:		
Donor advised funds:		
Federation	3,132,224	2,236,295
Jewish United Fund	5,028,688	6,026,313
Other philanthropic organizations	22,616,213	23,272,678
	30,777,125	31,535,286
Other:		
The ARK	225,757	217,534
Associated Talmud Torahs	9,384	9,600
Camping program for the aged	8,028	8,192
CJE SeniorLife	1,378,617	1,334,180
Emergency and special projects	155,000	10,000
Financial assistance for students	94,283	71,343
Jewish Day Schools	5,476	2,456
Hate crime victims	2,000	3,000
Ida Crown Jewish Academy	1,856,504	-
Jewish Child and Family Services	906,356	887,075
Jewish Community Centers of Chicago	1,457,652	1,451,172
Jewish refugee and immigrant programs	71,764	70,012
Jewish United Fund	196,936	111,224
Jewish Vocational Services	1,316	691
Jewish Women's Foundation	448,364	437,428
JFMC Facilities Corporation	2,057,480	2,238,814
Resident camp scholarship program	12,900	12,608
Scholar in residence	8,584	8,756
Spertus College of Judaica	912,771	876,939
University Hillel buildings and Hillel programs	633,974	533,155
Various other charities	408,052	429,840
Grants paid from Support Foundations to various charities	43,945,703	41,203,202
Grants paid from Covenant Foundation	1,789,110	2,056,782
	56,586,011	51,974,003
Total designated funds	87,363,136	83,509,289
Total	$ 91,943,316	$ 91,665,778

Note 8. Loans Receivable - Affiliated Agencies and Other Beneficiaries

Loans receivable due from affiliated agencies and other beneficiaries consisted of the following:

	2016	2015
Jewish Child and Family Services (JCFS)		
(a) Noninterest bearing loan to fund merger costs of Jewish Family and Community Services and Jewish Children's Bureau. Repayment of the loan began in fiscal 2010 at $75,000 per year through 2029.	$ 1,003,400	$ 1,078,400
(b) Loan to fund costs of consolidating Jewish Child and Family Services and Jewish Vocational Services (interest at 1.53% per annum, principal and interest payable beginning July 1, 2014 over a 5-year period).	393,381	498,502
Balances, forward	$ 1,396,781	$ 1,576,902

Note 8. Loans Receivable - Affiliated Agencies and Other Beneficiaries (Continued)

	2016	2015
Balances, forwarded	$ 1,396,781	$ 1,576,902
JFMC Facilities Corp. (Facilities)		
(a) Loan to fund the building operations (shortfall) of the Goldie Bachman Luftig Building, to be repaid from the proceeds of future rents, bearing interest at 3.6%.	2,191,980	2,078,491
(b) Loans to fund various projects in process to affiliated agencies (bearing interest at varying rates ranging from 4% - 8%, maturing at various dates through 2022).	86,438	99,612
(c) Loan to fund the construction costs associated with the Jewish Community Centers of Chicago - Weinger Project bearing interest at 5.98% per annum over a 24-year period with final payment due in 2021.	96,889	113,034
(d) Loan to fund payment of debt service on all Weinger Project debt arrangements (bonds and loans payable) on behalf of Jewish Community Centers of Chicago, to be repaid from future rents beginning in 2021.	3,231,224	3,231,224
(e) Loan for the Woodridge Road Renovation Project at the "Z" Frank Apachi Day Camp bearing interest at a rate of 4% over a 25-year period with final payment due in 2034.	89,662	92,998
(f) Loan to fund Fiedler Hillel project, bearing interest at 5.96% per annum, payable over a 21-year period, with final payment due in 2021.	379,075	442,281
(g) Loan to fund the leasehold improvements in the Kersten facility located at 255 Revere Drive, Northbrook, Illinois, bearing interest at 4.5% per annum payable over a 22-year period, with final payment due June 1, 2024.	312,073	343,775
(h) Loan to fund the purchase of 909 Wilson property in Chicago, bearing interest at 4.5% per annum over a 22-year period with final payment due in 2025.	402,174	437,632
Balances, forward	$ 8,186,296	$ 8,415,949

Note 8. Loans Receivable - Affiliated Agencies and Other Beneficiaries (Continued)

	2016	2015
Balances, forwarded	$ 8,186,296	$ 8,415,949
JFMC Facilities Corp. (Facilities) (Continued)		
(i) Loan to fund parking lot improvements at the Bernard Horwich Jewish Community Building, bearing interest at 4.5% per annum over a 20-year period with final payment due in 2029.	140,313	147,766
(j) Loan to fund roof repair at the Bernard Horwich Jewish Community Building bearing interest at 4.5% per annum over a 25-year period with final payment due in 2034.	186,878	193,256
(k) Loan to fund the purchase of two vehicles for Facilities with final payment due in 2017.	15,522	29,412
(l) Loan to fund relocation and renovations to investment office at 30 S. Wells, bearing interest at a rate of 3.98%, payable monthly over a 15-year period, with final payments due in 2029.	196,125	207,419
Jewish United Fund		
Loan for software internally developed by Jewish United Fund, bearing interest at 3.15%, payable over a 14-year period beginning in July 2011. The final payment is due in 2025.	3,328,003	3,642,922
Other Organizations		
(a) Noninterest bearing loan in the original amount of $956,000 to the Israel Center for Excellence Through Education - USA due in 2019. Loan is reported net of an allowance for loan loss of $906,000.	50,000	50,000
(b) Loans are for various day schools to provide the cash match requirement to receive funding from the U.S. Department of Homeland Security Grants for security improvements at the schools. These loans bear interest at various rates (1% per annum plus the long-term Treasury bill rate) based on the term of the loan. Principal and interest payments are payable monthly, maturing at various through 2029.	125,430	143,285
(c) Loan to the Council for Jewish Elderly. This loan was paid in full as of June 16, 2015.	-	1,000,000
(d) Loans to affiliated agencies (CJE, JCFS, JCC, and JVS) to finance implementation costs of new payroll and human resources information system (see Note 12). Loan bears interest at 2.9% over a 5 year period with final payments due in 2021.	612,557	-
(e) Others	318,169	333,450
	$ 13,159,293	$ 14,163,459

Note 9. Fair Value of Financial Instruments and Investments

As described in Note 1, the Federation reports its investments at fair value. 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. The Federation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below.

Level 1. Unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has the ability to access at the measurement date. Assets included in Level 1 include investments in money market funds, certain commodities and investments in various equity and credit assets.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Assets and liabilities included in Level 2 include investments in corporate notes, less liquid and restricted equity securities, debt securities, government securities and bonds and interest rate swaps. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Assets and liabilities that are included in Level 3 include beneficial interest in charitable trusts and charitable remainder and annuity trusts.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Federation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

The Federation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Federation's accounting policies regarding the recognition of transfers between levels of the fair value hierarchy. During the fiscal year ended June 30, 2016 and 2015, no such transfers were made.

Note 9. Fair Value of Financial Instruments and Investments (Continued)

For the fiscal years ended June 30, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent with previous years. The following is a description of the valuation methodologies used for investments, beneficial interest in charitable trusts, derivative instruments and charitable remainder and annuity trusts measured at fair value:

Investments

Investments in money market funds, U.S. Treasury bills, registered investment companies, investments in various equity and credit assets and securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Commodities, such as precious metals, are valued based on the closing spot price, derived from the over-the-counter precious metals trading market. These financial instruments are classified as Level 1 in the fair value hierarchy.

Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are categorized as Level 2 in the fair value hierarchy. Investments in government securities and bonds and corporate notes and debt securities which are traded on a national securities exchange or market are valued at the mean between the current "bid" and "asked” quotations on that day. If a reliable bid and asked quotation cannot be obtained from a national securities exchange, the security is priced at the mean between the bid and asked quotation of a reliable market maker. If the investments are not traded on an exchange, they are stated at cost plus accrued interest, which approximates the fair value. These financial instruments are classified as Level 2 in the fair value hierarchy.

Investments in non-registered investment companies consisting of certain equity funds, hedged credit funds, opportunistic funds and also real asset and real estate funds, are valued at fair value based on the applicable percentage ownership of the underlying investment entities’ net assets as of the measurement date as determined by the Federation. In determining fair value, the Federation utilizes valuations provided by the underlying investment entities. The underlying investment entities value securities and other financial instruments on a fair value based upon market price, when possible, or at fair value determined by the respective entities' investment manager when no market price is determinable. Although the Federation and the underlying investment managers in the PEP use their best judgment in estimating the fair value of alternative investments and investments in funds, there are inherent limitations in any estimation technique. The estimated fair values of certain of the investments of the underlying investment entities, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

Certain investments in underlying funds have been valued as of March 31, 2016 and 2015 and then adjusted for any purchases and withdrawals made between April 1 and June 30 because June 30 balances were not readily available from fund managers and general partners. The PEP prepares investment statements approximately 35 days after the end of each month. These statements are then sent to affiliates and other outside organizations invested in the PEP. The March 31 value is used for fund managers and general partners that do not provide their June 30 statements within this timeframe.

The practical expedient allows for investments such as opportunistic funds, certain equity and credit funds and also real asset funds and real estate funds, to be valued at the net asset value (NAV) which represents fair value and are not classified in the fair value hierarchy.

The Federation’s investments in underlying funds include designated or side pocketed (that is, a portion of the underlying investment portfolio segregated from other investments of such portfolio for the purposes of allocating gains and losses) investments with a fair value of approximately $7,000,000 as of both June 30, 2016 and 2015.

Note 9. Fair Value of Financial Instruments and Investments (Continued)

Beneficial Interest in Charitable Trusts

The fair value of the beneficial interest in charitable trusts is determined based upon the Federation's proportional interest in the fair value of the trusts' assets. The underlying trusts' assets are either readily marketable and have fair values which are determined by obtaining quoted market prices in active markets, or are determined by the trusts using information provided by the related investment managers. The beneficial interest in charitable trusts is classified as Level 3.

Balance, July 1, 2014	$ 41,571,636
Change in value	(1,946,425)
Balance, June 30, 2015	39,625,211
Change in value	(3,081,012)
Balance, June 30, 2016	$ 36,544,199

Derivative Instruments

The Federation uses interest rate swaps to manage interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and uses observable market based inputs, including LIBOR rate curves. The 30 day LIBOR rate as of June 30, 2016 is 0.45 percent. The interest rate swaps are classified as Level 2.

During fiscal year 2015, the Federation entered into an option-based tail risk protection program which is managed by Wells Fargo Portfolio Risk Advisors. The following contains information about the Federation's use of derivative instruments, through this tail risk protection program, the credit-risk-related contingent features in these derivative instruments and how these derivative instruments affect the Federation's financial position, operations and cash flows.

As of June 30, 2016, the Federation's derivative financial instruments held through the tail risk protection program consisted of the following:

Risk Type	Derivative Type	Fair Value of Derivative Assets	Number of Contracts	Fair Value of Derivative Liabilities	Number of Contracts	Net Amount
Equities Price	Put options	$ 2,120,344	3,223	$ (340,399)	(276)	$ 1,779,945

As of June 30, 2015, the Federation's derivative financial instruments consisted of the following:

Risk Type	Derivative Type	Fair Value of Derivative Assets	Number of Contracts	Fair Value of Derivative Liabilities	Number of Contracts	Net Amount
Equities Price	Put options	$ 2,913,480	2,948	$ (1,193,765)	(257)	$ 1,719,715

Note 9. Fair Value of Financial Instruments and Investments (Continued)

The following table sets forth by certain risk types the Federation's gains (losses) related to the put options for the year ended June 30, 2016 and 2015. These gains (losses) should be considered in the context that derivative contracts may have been executed to economically hedge securities and accordingly, gains or losses on derivative contracts may offset gains or losses attributable to securities. These gains (losses) are included in gain (loss) on investment activity in the consolidated statements of activities:

	2016	
	Net Loss on Investments	Number of Contracts
Put options	$ (4,367,833)	4,695

	2015	
	Net Loss on Investments	Number of Contracts
Put options	$ (1,179,577)	4,293

The Federation's exposure to option contracts was insignificant to total net assets throughout the year. The Federation does not consider any derivative instruments to be hedging instruments as defined under GAAP. The Federation's derivatives are not subject to master netting arrangements.

Charitable Remainder and Annuity Trusts

Assets received for charitable gift annuities and charitable remainder trusts are recorded at fair value in the unrestricted and temporarily restricted funds, respectively, until the Federation's obligations to the annuitants have been met. The difference between the fair value of assets contributed and obligations recorded is recognized as contribution revenue.

Liabilities for the charitable gift annuities and charitable remainder trusts are recorded in an amount equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables. In computing the liability, management considers the estimated return on the invested assets and the contractual payment obligation during the expected term of each respective annuity agreement. The fair value estimates are classified as Level 3.

Balance, July 1, 2014	$ 19,170,548
Liability portion of charitable gifts received	371,284
Realized (loss)	(37,348)
Actuarial decrease in the present value of annuities	(703,825)
Release (liquidations) from restriction	(149,142)
Balance, June 30, 2015	18,651,517
Liability portion of charitable gifts received	156,735
Realized gain	197,961
Actuarial decrease in the present value of annuities	(1,114,856)
Release (liquidations) from restriction	(802,790)
Balance, June 30, 2016	$ 17,088,567

Note 9. Fair Value of Financial Instruments and Investments (Continued)

The following table presents the Federation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2016:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value [1]	Total
Assets					
Investments:					
Money market funds	$ 85,322,287	$ -	$ -	$ -	$ 85,322,287
Commodities	33,576,894	-	-	-	33,576,894
Put options	1,779,945	-	-	-	1,779,945
Corporate notes	-	28,000	-	-	28,000
Government securities	7,086,785	196,900	-	-	7,283,685
Common stocks	175,216,310	-	-	-	175,216,310
State of Israel bonds	-	8,431,032	-	-	8,431,032
Investment in underlying funds:					
Equity:					
U.S. large cap equity	95,300,103	-	-	4,081,829	99,381,932
U.S. mid cap equity	1,352,807	-	-	2,835,518	4,188,325
U.S. small cap equity	17,886,078	-	-	55,918,942	73,805,020
Emerging markets equity	11,034,570	-	-	46,273,444	57,308,014
Developed international equity	45,834,864	-	-	116,964,572	162,799,436
Hedged equity	-	-	-	174,637,857	174,637,857
Private equity and fund of funds	-	-	-	191,780,871	191,780,871
Credit:					
Hedged credit	-	-	-	82,194,035	82,194,035
Core credit	29,606,258	-	-	45,616,242	75,222,500
Non-core credit	3,297,624	-	-	13,916,311	17,213,935
Private credit	-	-	-	11,222,334	11,222,334
Opportunistic	-	-	-	57,733,121	57,733,121
Real assets	-	-	-	70,065,090	70,065,090
Real estate	-	-	-	80,358,547	80,358,547
Other	-	-	4,981,352	-	4,981,352
	$ 507,294,525	$ 8,655,932	$ 4,981,352	$ 953,598,713	$ 1,474,530,522
Certificates of deposit					404,784
Total					$ 1,474,935,306
Beneficial interest in charitable trusts	$ -	$ -	$ 36,544,199	$ -	$ 36,544,199
Liabilities					
Interest rate swaps	$ -	$ 29,062,331	$ -	$ -	$ 29,062,331
Charitable remainder and annuity trusts	-	-	17,088,567	-	17,088,567
	$ -	$ 29,062,331	$ 17,088,567	$ -	$ 46,150,898

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

Note 9. Fair Value of Financial Instruments and Investments (Continued)

The following table presents the Federation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value [1]	Total
Assets					
Investments:					
Money market funds	$ 75,400,056	$ -	$ -	$ -	$ 75,400,056
Commodities	25,436,168	-	-	-	25,436,168
Corporate notes	1,719,715	-	-	-	1,719,715
Government securities	-	140,936	-	-	140,936
Common stocks	11,999,463	197,968	-	-	12,197,431
Preferred stocks	222,167,299	-	-	-	222,167,299
State of Israel bonds	-	9,433,960	-	-	9,433,960
Investment in underlying funds:					
Equity:					
U.S. large cap equity	116,699,553	-	-	2,705,964	119,405,517
U.S. mid cap equity	2,588,901	-	-	-	2,588,901
U.S. small cap equity	22,002,622	-	-	60,500,898	82,503,520
Emerging markets equity	12,558,675	-	-	39,440,270	51,998,945
Developed international equity	57,723,150	-	-	133,904,830	191,627,980
Hedged equity	-	-	-	172,455,284	172,455,284
Private equity and fund of funds	-	-	-	208,916,897	208,916,897
Credit:					
Hedged credit	-	-	-	53,733,967	53,733,967
Core credit	32,125,114	-	-	38,681,837	70,806,951
Non-core credit	20,208,582	-	-	9,634,441	29,843,023
Private credit	-	-	-	9,835,213	9,835,213
Opportunistic	-	-	-	31,427,891	31,427,891
Real assets	-	-	-	58,311,333	58,311,333
Real estate	-	-	-	83,691,140	83,691,140
Other	-	-	5,137,289	-	5,137,289
	$ 600,629,298	$ 9,772,864	$ 5,137,289	$ 903,239,965	$ 1,518,779,416
Certificates of deposit					787,902
Total					$ 1,519,567,318
Beneficial interest in charitable trusts	$ -	$ -	$ 39,625,211	$ -	$ 39,625,211
Liabilities					
Interest rate swaps	$ -	$ 21,103,403	$ -	$ -	$ 21,103,403
Charitable remainder and annuity trusts	-	-	18,651,517	-	18,651,517
	$ -	$ 21,103,403	$ 18,651,517	$ -	$ 39,754,920

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

Note 9. Fair Value of Financial Instruments and Investments (Continued)

Financial instruments classified as Level 3 in the fair value hierarchy represent the Federation's investments in financial instruments in which the Federation has used at least one significant unobservable input in the valuation model. The following presents a reconciliation of activity for Level 3 investments:

Balance, July 1, 2015	$ 5,264,082
Loss on investments activity (realized and change in unrealized)	(126,793)
Balance, June 30, 2015	5,137,289
Loss on investments activity (realized and change in unrealized)	(155,937)
Balance, June 30, 2016	$ 4,981,352

The tables below present the Federation's ability to redeem an investment in underlying funds valued at net asset value or its equivalent as of June 30, 2016 and 2015, and include the underlying investment entities' redemption frequency and redemption notice period. The tables also include a summary of the significant categories of such investments measured at net asset value, their attributes and investment strategies as of June 30, 2016 and 2015:

	June 30, 2016			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity:				
U.S. large cap equity (a)	$ 4,081,829	$ -	Monthly	60 days
U.S. mid cap equity (a)	2,835,518	-	Annual/Illiquid	90 days/N/A
U.S small cap equity (a)	55,918,942	-	Various	5-90 days
Emerging markets equity (b)	46,273,444	-	Various	7-90 days
Developed international equity (c)	116,964,572	-	Various	5 days - 1 year
Hedged equity (d)	174,637,857	-	Various	15-120 days
Private equity and fund of funds (e)	191,780,871	77,996,419	Various/Illiquid	60 days/N/A
Credit:				
Hedged credit (f)	82,194,035	-	Various	30-120 days
Core credit (g)	45,616,242	2,931,670	Various	10-180 days
Non-core credit (h)	13,916,311	-	Monthly	10 days
Private credit (i)	11,222,334	28,692,309	Various	90 days
Opportunistic (j)	57,733,121	-	Various	5-95 days
Real assets (k)	70,065,090	17,256,783	Various	60 days
Real estate (l)	80,358,547	17,140,318	Various	30 days
	$ 953,598,713	$ 144,017,499		

Note 9. Fair Value of Financial Instruments and Investments (Continued)

	June 30, 2015			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity:				
U.S. large cap equity (a)	$ 2,705,964	$ -	Monthly	60 days
U.S. small cap equity (a)	60,500,898	-	Various	5-90 days
Emerging markets equity (b)	39,440,270	-	Various	7-90 days
Developed international equity (c)	133,904,830	-	Various	5 days - 1 year
Hedged equity (d)	172,455,284	-	Various	15-95 days
Private equity and fund of funds (e)	208,916,897	63,377,288	Various	45 days
Credit:				
Hedged credit (f)	53,733,967	-	Various	60-120 days
Core credit (g)	38,681,837	-	Various	10-90 days
Non-core credit (h)	9,634,441	-	Various	10-90 days
Private credit (i)	9,835,213			
Opportunistic (j)	31,427,891	-	Various	5-95 days
Real assets (k)	58,311,333	17,855,842	Various	60 days
Real estate (l)	83,691,140	28,315,701	Monthly	30 days
	$ 903,239,965	$ 109,548,831		

(a) This class represents investments in mutual funds, exchange-traded funds, partnerships and limited liability companies invested primarily in U.S. publicly traded companies with market capitalizations ranging from large to small. Redemptions are allowed daily, monthly and quarterly and may be subject to redemption rates.

(b) This class represents investments in mutual funds, exchange-traded funds, partnerships and limited liability companies invested primarily in companies located in emerging market economies around the globe. Redemptions are allowed daily, monthly and quarterly.

(c) This class represents investments in mutual funds, exchange-traded funds, partnerships and limited liability companies invested primarily in companies located in developed economies outside of the U.S. Redemptions range from daily to annually.

(d) This class represents investments in hedge funds whose strategies include, but are not limited to, global long/short equity, distressed investments, multi-strategy and event driven. Redemptions range from daily to annually.

(e) This class represents investments in private equity funds and fund-of-funds whose strategies include, but are not limited to, international and domestic buyouts, venture capital and special situations.

Note 9. Fair Value of Financial Instruments and Investments (Continued)

(f) Hedged credit represents investments in hedge funds whose strategies include, but are not limited to, global long/short credit, structured credit and distressed investments. Redemptions range from monthly to annually. Redemptions vary.

(g) This class represents investments in U.S. investment grade debt and non-dollar sovereign debt. Redemptions range from daily to quarterly.

(h) This class represents investments in structured credit, corporate debt, and emerging markets debt. Redemptions range from daily to quarterly.

(i) Private credit represents an investment that involves interests in debt obligations that are invested through an illiquid structure whose strategies include, but are not limited to, senior secured loans and distressed debt. Redemptions vary.

(j) This class represents investments in “skill-based” strategy vehicles that seek to earn positive risk-adjusted returns while minimizing net exposures to broad market factors, as well as “multi-strategy” or “global macro” vehicles that pursue wide ranging investment strategies incorporating multiple asset types and levels of exposure that may change significantly over time, and various types of hedging strategies. Redemptions are allowed monthly, quarterly and semi-annually.

(k) This class represents investments in funds that invest in physical or tangible assets including, but not limited to precious metals, agricultural land, and natural resources. A significant portion of these investments are illiquid; some allow redemptions on a quarterly basis.

(l) This class represents investments in funds involving the purchase, ownership, management, rental and/or sale of real estate properties. A significant portion of these investments are illiquid; some allow redemptions on a monthly basis.

In connection with its investing and hedging activities, the Federation enters into transactions, directly and indirectly through positions held by the underlying investment entities, with a variety of securities and derivative financial instruments. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the consolidated statements of financial position.

The Federation’s direct and indirect investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Market risk: Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Federation’s overall exposure to market risk. The Federation attempts to control its exposure to market risk through various analytical monitoring techniques.

Note 9. Fair Value of Financial Instruments and Investments (Continued)

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Federation's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Federation has a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges. The Federation seeks to mitigate its exposure to this credit risk by placing its cash with major institutions.

Concentration of credit risk: The Federation’s managers currently invest with various managers and clearing brokers. In the event these counterparties do not fulfill their obligations, the Federation may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Federation attempts to minimize this credit risk by monitoring the creditworthiness of the managers and clearing brokers.

Short sales: The Federation may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Federation sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Federation sold the security short, or a loss, unlimited in size will be recognized upon the termination of a short sale. The Federation is also subject to the risk that it may be unable to reacquire a security to terminate a short position except at a price substantially in excess of the last quoted price.

Alternative investments and investments in other funds: The managers of underlying investment entities in which the Federation invests, may utilize derivative instruments with off-balance-sheet risk. The Federation’s exposure to risk is limited to the amount of its investment.

As of June 30, 2016, the Federation had approximately $144,000,000 (2015 - $110,000,000) of unfunded capital commitments to various investment entities, which have no specific capital call dates and such capital calls are at the discretion of the fund managers. Management believes most of the commitments will be called sometime over the next five to seven years.

Note 10. Real Estate

Real estate consisted of the following:

	2016	2015
Land	$ 719,163	$ 719,163
Equipment, furniture, and fixtures	185,139	182,900
	904,302	902,063
Less: accumulated depreciation	(177,178)	(172,802)
	$ 727,124	$ 729,261

Depreciation for the fiscal years ended June 30, 2016 and 2015 amounted to $2,137 and $5,079, respectively.

Note 11. Due from Jewish United Fund

Net amounts due from the Jewish United Fund as reflected in the unrestricted fund consisted of:

	2016	2015
Loans to meet fiscal obligations (external funding - interest rate is identical to Federation agreements under bank loans payable).	$ 10,000,000	$ 12,000,000
Amounts due for common expenses	(2,712,858)	(5,857,123)
	$ 7,287,142	$ 6,142,877

Note 12. Loans Payable

Loans payable consisted of the following:

	2016	2015
Loan to meet operating needs of the Jewish United Fund (a)	$ 10,000,000	$ 12,000,000
Loan to fund the Jewish Day School Guaranty Trust endowment fund distributions (b)	14,000,000	12,235,000
Loan to finance the consolidation of Jewish Child and Family Services and Jewish Vocational Services (c)	225,606	369,606
Loan to finance implementation costs associated with a new payroll and human resources and information system for the Federation and its affiliated agencies (d)	810,634	480,914
Loan payable (e)	10,000,000	-
	$ 35,036,240	$ 25,085,520

(a) The Federation maintains an unsecured revolving line of credit with JP Morgan Chase Bank, N.A. (JP Morgan). Outstanding borrowings on the line of credit bear interest at LIBOR plus 0.60 percent. The agreement as amended currently permits borrowings up to $30,000,000 and matures August 31, 2017.

(b) The Federation maintains an unsecured revolving line of credit with JP Morgan which is used to pay distributions on behalf of the Jewish Day School Guaranty Trust, an endowment fund of the Federation. The endowment fund will pay off the outstanding line of credit balance in a future year in accordance with management’s long-term plan for this program. In August 2016, a $670,000 principal payment was made and, the agreement was amended to extend the maturity date to February 28, 2017. Outstanding borrowings on the line of credit bear interest at LIBOR plus 0.60 percent per annum.

Note 12. Loans Payable (Continued)

(c) On May 20, 2014, the Federation drew down $525,006 under its $1,300,000 term loan agreement with U.S. Bank National Association. These funds were then advanced to Jewish Child and Family Services (JCFS) to finance expenses associated with the consolidation of Jewish Vocational Services within JCFS (see Note 8). Monthly principal installment payments of $12,000 began in fiscal 2014. A final payment equal to all unpaid principal is due on May 21, 2018. The loan bears interest at 1.53 percent. Based on the terms of a Memorandum of Understanding between JCFS and the Federation, JCFS began repaying the Federation for a portion of the debt service on this loan in July 2014.

(d) In August 2014, the Federation entered into a $600,000 term loan agreement with Bank Leumi to provide funding for the implementation/start-up costs associated with a new payroll and human resources information system for the Federation and its affiliated agencies. The agreement allowed the Federation to draw down funds on the loan over the first twelve months at interest only, charged monthly at LIBOR plus 2.50 percent.

In September 2015, the loan was amended to increase the principal amount to $850,000. On March 15, 2016, the loan converted to a 5-year fully amortizing term loan at a fixed interest rate of 2.9 percent per annum.

(e) In September 2015, Federation received $10,000,000 from a donor, in connection with a note payable related to the establishment of a designated fund. Simultaneously, the donor made a pledge to the Federation of $10,000,000. The note payable bears interest at 1.77 percent which matures on September 1, 2024.

Future principal maturities on the loans are as follows:

2017	$ 14,305,162
2018	10,247,550
2019	170,900
2020	175,977
2021	136,651
Thereafter	10,000,000
	$ 35,036,240

Pursuant to a credit agreement with JP Morgan, the Federation maintains an unsecured $40,000,000 line of credit. The line of credit bears interest at LIBOR plus 0.60 percent and expired in August 2016. The agreement was not renewed subsequent to August 31, 2016. This line of credit was used to fund affiliated agency annual allocation payments. There were no outstanding borrowings under the line of credit at June 30, 2016 and 2015.

Interest expense related to the above borrowings for each of the fiscal years ended June 30, 2016 and 2015 was approximately $629,000 and $395,000, respectively.

Note 13. Tax Exempt Debt

Tax exempt debt consisted of the following:

	2016	2015
Colorado Educational and Cultural Facilities Authority - Series G3	$ 3,820,000	$ 4,135,000
Colorado Educational and Cultural Facilities Authority - Series J1	4,575,000	4,725,000
	$ 8,395,000	$ 8,860,000

Colorado Educational and Cultural Facilities Authority - Series G3

Pursuant to an agreement dated June 1, 2012 with the Colorado Educational and Cultural Facilities Authority, the Federation received proceeds from the issuance of direct placement tax-exempt bonds (G3 bonds) in the amount of $5,015,000 to refinance the Series A1 and F1 bonds. The remaining proceeds of $69,820,000 were issued to Facilities, CJE SeniorLife and Jewish Community Centers of Chicago. On June 1, 2012, Wells Fargo Bank, N.A. (Wells Fargo) purchased the Series G3 Bonds. The bonds mature in 2034 and bear interest at a variable rate of 68 percent of the monthly LIBOR rate plus 1 percent. This initial interest rate period expires on June 1, 2017 at which time Federation plans on renewing the loan. The effective interest rates for 2016 and 2015 were approximately 1.21 and 1.11 percent, respectively. The Federation has entered into a Guaranty Agreement whereby it has guaranteed the payment of the aggregate original bond principal amount.

Colorado Educational and Cultural Facilities Authority - Series J1

Pursuant to an agreement dated July 1, 2012 with the Colorado Educational and Cultural Facilities Authority and JP Morgan Chase Bank, N.A., the Federation received proceeds from the issuance of a direct placement tax-exempt loan (J1 Loan) in the amount of $5,150,000 to refinance the Series A8 and A10 bonds. The remaining proceeds of $62,560,000 were issued to Facilities to refinance the Series A8 and A10 bonds. The loan matures in 2038 and bears interest at a variable rate of 74 percent of the monthly LIBOR rate plus 0.85 percent. This initial interest rate period expires on July 1, 2022 at which time Federation plans on renewing the loan. The effective interest rates for 2016 and 2015 were approximately 1.07 and .97 percent, respectively. The Federation has entered into a Guaranty Agreement whereby it has guaranteed the payment of the aggregate original bond principal amount.

Future principal maturities on tax exempt debt is:

2017	$ 480,000
2018	495,000
2019	510,000
2020	535,000
2021	545,000
Thereafter	5,830,000
	$ 8,395,000

Note 14. Derivative Financial Instruments

To minimize the effect of changes in interest rates on tax exempt debt, the Federation has entered into various interest rate swap arrangements. As of June 30, 2016 and 2015, the Federation had six interest rate swap arrangements, with various financial institutions for notional amounts ranging from approximately $9,435,000 to $60,580,000, totaling approximately $196,000,000 of notional value.

In connection with five of the six swap arrangements, the Federation has agreed to pay fixed rates of interest equal to blended average rates of between approximately 3.1 percent to 3.6 percent, with the counterparty paying a floating rate based on a range of 68 percent to 74 percent of LIBOR. Two of the swaps also include "knock out" provisions under which the Federation would be required to pay interest at the floating rate rather than the fixed swap rate for as long as the 180-day rolling average of the SIFMA Index remains above a 6 percent threshold. The SIFMA rate was 0.41 and 0.07 percent as of June 30, 2016 and 2015, respectively. The swap arrangements expire on various dates through 2041 matching the maturities of the underlying tax exempt debt.

One of the Federation's swaps was entered into on behalf of CJE SeniorLife to hedge its exposure to floating interest rates on the Series G3 Bonds. The outstanding notional amount of the swap was $14,356,729 and $15,055,068 at June 30, 2016 and 2015, respectively. The Federation and CJE SeniorLife entered in an agreement whereby CJE SeniorLife agreed to pay all ongoing expenses related to the interest rate swap agreement directly to Wells Fargo. In connection with the interest rate swap agreement, CJE SeniorLife has agreed to pay a fixed rate of interest equal to 3.7 percent, with the counterparty paying a floating rate equal to 68 percent of the 30-day LIBOR rate. The Federation has recorded a receivable from CJE SeniorLife and an offsetting liability for the fair value of the swap agreement. At June 30, 2016 and 2015, the fair values of the interest rate swap are a liability of $2,912,067 and of $2,410,765, respectively. Corresponding receivables for these amounts are recorded in pledges and other receivables at June 30, 2016 and 2015. The change in the receivable and the change in the fair value of the interest rate swap is recorded as an unrealized gain (loss) on the fair value of swap arrangements on the consolidated statements of activities. The interest rate swap agreement expires in 2035.

At June 30, 2016 and 2015, the estimated fair value of these six swap arrangements was a liability of $29,062,331 and $21,103,403, respectively.

The interest rate swap agreements as of and for the years ended June 30, 2016 and 2015 consist of:

	2016	2015
Liability derivatives:		
Interest rate contracts at fair value:		
Statement of financial position:		
Interest rate swap liability	$ (29,062,331)	$ (21,103,403)
Effective portion of loss:		
Other changes in net assets:		
Statement of activities position:		
Unrealized loss on swap agreement	$ (7,958,928)	$ (32,733)
Less amount of loss allocated to CJE SeniorLife	501,302	42,658
	$ (7,457,626)	$ 9,925

Note 14. Derivative Financial Instruments (Continued)

Margin call: In connection with its interest rate swap arrangements, the Federation has entered into master agreements with JP Morgan and Wells Fargo which contain collateral posting provisions. When the net present value of the combined market values of the swaps issued by each bank exceeds $20,000,000 and $25,000,000 with JP Morgan and Wells Fargo, respectively, the swap counterparties with the negative carrying value must provide collateral to the other counterparty.

Note 15. Endowment

The Federation's endowment consists of donor restricted funds established for a variety of purposes. In addition, its endowment includes funds designated by the Board of Directors to function as endowments. These funds are categorized as board-designated. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in Illinois on June 30, 2009. The Board of Directors of the Federation has interpreted Illinois UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation's policy is to classify as permanently restricted net assets (a) the original value of 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 at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net asset is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA. In addition, the endowment includes temporarily restricted funds operating as term endowments for which the principal is not required to be held in perpetuity, and funds designated by the Board to function as endowments.

In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

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

Note 15. Endowment (Continued)

Endowment Composition

The Federation's endowment net asset composition by type of fund is as follows for the years ended June 30, 2016 and 2015:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ (12,274,655)	$ 81,181,795	$ 55,569,231	$ 124,476,371
Board-designated	197,964,482	-	-	197,964,482
	$ 185,689,827	$ 81,181,795	$ 55,569,231	$ 322,440,853

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ (9,878,433)	$ 90,246,395	$ 53,669,808	$ 134,037,770
Board-designated	173,581,527	-	-	173,581,527
	$ 163,703,094	$ 90,246,395	$ 53,669,808	$ 307,619,297

Changes in Endowment Net Assets

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 163,703,094	$ 90,246,395	$ 53,669,808	$ 307,619,297
Investment losses:				
Loss on investment activity (realized and unrealized)	(8,406,359)	(3,378,614)	-	(11,784,973)
	(8,406,359)	(3,378,614)	-	(11,784,973)
Contributions	20,706,512	20,116,835	1,899,423	42,722,770
Other changes:				
Satisfaction of restriction appropriation	25,802,821	(25,802,821)	-	-
Distributions	(16,116,241)	-	-	(16,116,241)
	9,686,580	(25,802,821)	-	(16,116,241)
Endowment net assets, end of year	$ 185,689,827	$ 81,181,795	$ 55,569,231	$ 322,440,853

Note 15. Endowment (Continued)

The changes in endowment net assets for the Federation were as follows for the year ended June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 170,038,267	$ 76,206,971	$ 53,468,424	$ 299,713,662
Investment return:				
Gain on investment activity (realized and unrealized)	9,211	704,127	-	713,338
	9,211	704,127	-	713,338
Contributions	7,846,128	19,923,423	201,384	27,970,935
Other changes:				
Satisfaction of restriction appropriation	6,588,126	(6,588,126)	-	-
Distributions	(20,778,638)	-	-	(20,778,638)
	(14,190,512)	(6,588,126)	-	(20,778,638)
Endowment net assets, end of year	$ 163,703,094	$ 90,246,395	$ 53,669,808	$ 307,619,297

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Federation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets relating to multiple funds were $12,274,655 and $9,878,433 as of June 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Federation adopted investment and spending policies for endowment assets that attempt to provide a stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Federation must hold in perpetuity, temporarily restricted funds that are operating as endowments, as well as unrestricted board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve an annualized long-term average nominal return which is approximately equal to the long-term average return of the market as a whole, but with less volatility than the overall market. Actual returns in any given year may vary significantly from the targeted amount.

Note 15. Endowment (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Federation targets a broadly diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the investment Objectives Relate to Spending Policy

The Federation adopted the Controlled Growth Distribution Policy (CGDP) for the majority of its endowment assets. Under this policy, the distribution rate for annual distributions from the Federation is based on the market performance of PEP, with certain caps and floors to provide stability during volatile market environments. The CGDP also includes a target growth rate of 2.5 percent per year over prior year distributions. The CGDP regulates the spending of the vast majority of the Federation's endowed assets; however, the Federation also employs a number of other spending policies based on donor restrictions and Board resolutions. These policies are consistent with the Federation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 16. Temporarily Restricted Net Assets

Temporarily restricted net assets released were as follows:

	2016	2015
Satisfaction of restrictions:		
Satisfaction of time restriction	$ 25,568,735	$ 2,711,551
Satisfaction of restriction through recurring annual distributions (see Note 7)	4,580,180	8,156,489
Total satisfaction of restrictions	$ 30,148,915	$ 10,868,040

Note 16. Temporarily Restricted Net Assets (Continued)

The following is a summary of temporarily restricted net assets held:

	2016	2015
Abe and Ida Cooper Center	$ 5,335,666	$ 5,234,575
The ARK	54,673	65,508
Capital development fund - CJE SeniorLife	402,054	453,849
Center for Jewish Genetics	5,609,934	736,831
Charitable remainder trusts	3,346,942	6,076,021
Chicago Jewish Day School	5,501,486	-
Children with special needs	1,147,443	1,335,566
Community Foundation for Jewish Education	44,791	48,862
Fiedler Hillel	124,926	141,018
Financial assistance for hearing impaired	90,259	123,405
Financial assistance for homeless shelter	499,398	563,706
Financial assistance for students	7,344,306	8,453,344
Hebrew Theological College	214,932	227,199
Hillel Torah North Suburban Day School	45,822	51,726
Hillels of Illinois	813,070	946,791
Hillman Ballfield at the Bernard Horwich Building	76,336	86,173
Holocaust Community Services	695,290	852,752
Ida Crown Jewish Academy - capital project	6,635,212	21,411,711
Jewish Agency for Israel	4,442,833	5,015,852
Jewish Child and Family Services	790,707	894,678
Jewish Community Centers of Chicago - Uptown Cafe	405,923	458,194
Jewish Day School Guaranty Trust Fund	18,892,504	21,657,451
Juvenile diabetes	6,468	7,301
Lieberman Geriatric Health Center	21,791	24,600
Marvin Lustbader Wellness, Health, and Fitness Complex	1,165,854	-
Michael Reese Health Trust - educational and research purposes	4,432,717	5,515,128
Programs for the elderly	147,396	316,355
Response Center	382,644	420,255
Scholarships to Israel	1,382,455	1,561,161
Summer Camp Program	1,218,141	209,074
Spertus Institute for Jewish Learning and Leadership	1,988,270	2,358,996
Time restricted - pledges receivable	18,573,294	22,602,762
Various other charities	2,308,534	2,722,698
Young Leadership Award	182,496	194,388
	$ 94,324,567	$ 110,767,930

Note 17. Permanently Restricted Net Assets

The following is a summary of permanently restricted net assets held:

	2016	2015
Principal to be held in perpetuity, income earned to be used for the following purposes:		
The ARK	$ 91,587	$ 91,587
Beneficial interest in charitable trusts	36,544,199	39,625,211
Center for Jewish Genetics	250,000	250,000
Community Foundation for Jewish Education	110,619	105,081
Educational and research purposes	15,060,439	15,060,439
General purposes	23,103,820	23,103,297
Hillels of Illinois	967,831	967,831
Jewish Child and Family Services	194,000	194,000
Local Social Welfare Agencies	1,826,277	-
Programs for the elderly	1,829,500	1,829,500
Programs for the youth	779,145	779,145
Scholarships and financial assistance	8,747,826	8,734,326
Spertus Institute for Jewish Learning and Leadership	1,035,572	1,035,572
Various other charities	1,898,082	615,119
Young adult engagement program	1,500,810	1,500,811
	$ 93,939,707	$ 93,891,919

Note 18. Self-Insurance Programs

The Federation participates with certain of its affiliated agencies in self-insurance programs for health, dental and vision insurance. Funds contributed by the participating employers to the programs are held by (and related disbursements are made from) custodian funds of the Federation for such self-insurance programs. Payments by the Federation to the programs for the fiscal years ended June 30, 2016 and 2015 amounted to approximately $532,000 and $531,000, respectively.

All self-insurance programs of the Federation and its affiliated agencies include specific and aggregate stop loss insurance policies.

Note 19. Retirement Plans

The Federation is an employer participant in two employee retirement plans, Federation Employees' Retirement Income Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERIP) and Federation Employees' Retirement Savings Trust Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERST).

FERIP is a self-administered, noncontributory defined benefit plan, the funding of which is provided on the basis of normal cost as actuarially determined. FERIP is treated as a multi-employer plan for accounting purposes.

FERST is a defined contribution plan, employer contributions to which are computed on the basis of a percentage of salary. FERST provides benefits to employees covered by a collective bargaining agreement.

Note 19. Retirement Plans (Continued)

Annual contributions paid by the Federation to FERIP and FERST for fiscal years ended June 30, 2016 and 2015 were approximately $491,000 and $508,000, respectively.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of Federation			Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2016	2015		2016	2015	2014		
FERIP	36-2167034	N/A	N/A	N/A	$ 449,880	$ 475,389	$ 470,132	N/A	N/A

Plan information for FERIP is not publicly available. FERIP provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. To the extent that the plan is underfunded, the future contributions to the plan may increase and may be used to fund retirement benefits for employees related to other employers who have ceased operations. Federation could be assessed a withdrawal liability in the event that it decides to cease participating in the plan. FERIP's actuarial valuation for the years ended December 31, 2015 and 2014 indicated the fair value of the plan assets was $76,173,371 and $80,593,469, respectively; total actuarial projected benefit obligation was $123,422,836 and $122,824,832, respectively; and total contributions for all participating employers were $3,910,000 and $2,920,000, respectively. The plan's actuarial valuation for the plan years ended December 31, 2015 and 2014 indicate that the plan was 62 and 66 percent funded, respectively.

At the date the financial statements were issued, Form 5500 was not available for the plan year ended in 2015.

Note 20. Loan Guarantees and Commitments

The Federation is contingently liable as the guarantor on certain indebtedness incurred by affiliated agencies and beneficiary organizations, all of whom receive allocations from Federation. The terms of these guarantees correlate with the terms of the related outstanding bonds and bank loans payable, which mature at various dates through 2045. At any time should any of the affiliated / beneficiary organizations be delinquent on its debt payment, the Federation will be obligated to perform under the guarantee primarily by making the required payments, including late fees and penalties. The following is a summary of the loan guarantees and commitments of other organizations that the Federation is contingently liable under as of June 30, 2016 and 2015:

	2016	2015
Akiba-Schechter Jewish Day School	$ 2,120,000	$ 2,245,000
Arie Crown Hebrew Day School	642,606	712,968
Associated Talmud Torahs	280,981	320,839
Chicago Jewish Day School	5,633,333	1,300,000
CJE SeniorLife	45,744,742	46,572,188
JFMC Facilities Corporation	137,049,546	133,802,115
Hanna Sacks Bais Yaakov Girls High School	685,659	818,368
Hebrew Theological College	774,917	819,623
Hillel Torah North Suburban Day School	269,561	776,594
Ida Crown Jewish Academy	39,000,000	27,180,521
Jewish Child and Family Services	-	250,000
Jewish Community Centers of Chicago	2,860,000	2,958,980
Jewish Vocational Services	-	467,000
Joan Dachs Bais Yaakov Elementary School	15,519,103	10,612,133
Mt. Sinai Hospital	32,174,962	17,068,296
Spertus Institute for Jewish Learning and Leadership	34,960,000	-
	$ 317,715,410	$ 245,904,625

As of June 30, 2016, the guarantees include $240,938,014 of tax-exempt debt and $76,777,396 of taxable bank debt (2015 – $188,563,907 of tax-exempt bond debt and $57,340,718 of taxable bank debt). A majority of the debt guaranteed by the Federation was used to finance the purchase and/or renovation of real estate.

Note 21. Funds Held as Custodian

A summary of funds held on behalf of others for which the Federation acts as custodian, is as follows:

	2016	2015
Charitable remainder and annuity trusts	$ 5,629,730	$ 4,456,316
Send a Kid to Israel Program reserve fund	3,189,955	3,258,854
Health, dental and vision insurance fund	2,813,940	1,805,710
Unemployment compensation reserve fund	8,000	8,000
Bar/Bat Mitzvah Registry	247,994	243,977
	$ 11,889,619	$ 9,772,857

Note 22. Deferred Compensation Agreements

The Federation has entered into agreements with certain key employees that provide for annual payments of varying amounts per year for a term ranging from 10 years to life. These key employees vest in the deferred compensation upon reaching retirement age or specified years of service. The present value of the vested amount due to employees under the provisions of the agreements totaled approximately $1,424,000 and $1,513,000 as of June 30, 2016 and 2015, respectively, and is included in accounts payable and accrued expenses on the consolidated statements of financial position. In connection with these agreements, the Federation made payments of $174,407 and $171,265 during the years ended June 30, 2016 and 2015, respectively.

Note 23. Subsequent Events

The Federation has been informed that one of its supporting organizations will be receiving a testamentary gift in the form of a non-voting financial interest in an operating company. The supporting organization will not have controlling management ownership of this entity and is uncertain as to when the gift will be received since it is in the midst of the probate process.