REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS

JEWISH COMMUNITY FOUNDATION OF THE JEWISH FEDERATION COUNCIL OF GREATER LOS ANGELES

December 31, 2019 and 2018

MOSSADAMS

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Report of Independent Auditors

To the Board of Trustees
Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles and its support foundations (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 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 audits 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles and its support foundations as of December 31, 2019 and 2018, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
June 4, 2020

Jewish Community Foundation of
The Jewish Federation Council of Greater Los Angeles
Consolidated Statements of Financial Position
December 31, 2019 and 2018
(dollar amounts rounded to nearest thousand)

	2019	2018
ASSETS		
ASSETS		
Cash and cash equivalents	$ 86,325,000	$ 86,750,000
Investments		
Securities	747,636,000	624,031,000
Common Investment Pool	427,345,000	371,151,000
Strategic Return Fund	41,548,000	34,039,000
State of Israel bonds	5,009,000	4,781,000
Real estate and partnership interests	19,341,000	53,815,000
Total investments	1,240,879,000	1,087,817,000
Other assets, net	11,973,000	12,038,000
Total assets	$ 1,339,177,000	$ 1,186,605,000
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant commitments	$ 42,878,000	$ 38,172,000
Amounts held in custody for others	149,161,000	128,506,000
Amounts held with no variance power	52,227,000	46,676,000
Other payables	2,648,000	3,508,000
Total liabilities	246,914,000	216,862,000
NET ASSETS		
Without donor restrictions		
Support Foundations	227,147,000	202,107,000
Donor Advised Funds	670,193,000	598,341,000
Permanent Legacy Fund (board designated)	71,200,000	62,434,000
Total net assets without donor restrictions	968,540,000	862,882,000
With donor restrictions	123,723,000	106,861,000
Total net assets	1,092,263,000	969,743,000
Total liabilities and net assets	$ 1,339,177,000	$ 1,186,605,000

See accompanying notes.

Jewish Community Foundation of
The Jewish Federation Council of Greater Los Angeles
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019
(dollar amounts rounded to nearest thousand)

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and corpus gifts			
Contributions to:			
Support Foundations	$ 11,262,000	$ -	$ 11,262,000
Donor Advised Funds	92,789,000	-	92,789,000
Endowment and other funds	1,082,000	3,219,000	4,301,000
Total public support and corpus gifts	105,133,000	3,219,000	108,352,000
Revenue and gains			
Investment income, net	134,465,000	18,703,000	153,168,000
Other	1,943,000	-	1,943,000
Total revenue and gains	136,408,000	18,703,000	155,111,000
Net assets released from restrictions	5,060,000	(5,060,000)	-
Total public support, corpus gifts, revenue and gains	246,601,000	16,862,000	263,463,000
Distributions and expenses			
Program			
Grants and distributions from:			
Support Foundations	25,919,000	-	25,919,000
Donor Advised Funds	99,393,000	-	99,393,000
Endowment and other funds	7,358,000	-	7,358,000
Support services	8,273,000	-	8,273,000
Total distributions and expenses	140,943,000	-	140,943,000
Changes in net assets	105,658,000	16,862,000	122,520,000
Net assets, beginning of year	862,882,000	106,861,000	969,743,000
Net assets, end of year	$ 968,540,000	$ 123,723,000	$ 1,092,263,000

See accompanying notes.

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and corpus gifts			
Contributions to:			
Support Foundations	$ 20,179,000	$ -	$ 20,179,000
Donor Advised Funds	77,665,000	-	77,665,000
Endowment and other funds	1,297,000	6,589,000	7,886,000
Total public support and corpus gifts	99,141,000	6,589,000	105,730,000
Revenue and gains (losses)			
Investment losses, net	(23,837,000)	(6,038,000)	(29,875,000)
Other	1,535,000	-	1,535,000
Total revenue and gains (losses)	(22,302,000)	(6,038,000)	(28,340,000)
Net assets released from restrictions	14,705,000	(14,705,000)	-
Total public support, corpus gifts, revenue and gains (losses)	91,544,000	(14,154,000)	77,390,000
Distributions and expenses			
Program			
Grants and distributions from:			
Support Foundations	17,257,000	-	17,257,000
Donor Advised Funds	79,848,000	-	79,848,000
Endowment and other funds	15,938,000	-	15,938,000
Support services	8,663,000	-	8,663,000
Total distributions and expenses	121,706,000	-	121,706,000
Changes in net assets	(30,162,000)	(14,154,000)	(44,316,000)
Net assets, beginning of year	893,044,000	121,015,000	1,014,059,000
Net assets, end of year	$ 862,882,000	$ 106,861,000	$ 969,743,000

Jewish Community Foundation of
The Jewish Federation Council of Greater Los Angeles
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(dollar amounts rounded to nearest thousand)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 122,520,000	$ (44,316,000)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Noncash gifts	(15,269,000)	(6,766,000)
Contributions restricted for long-term investment	(3,370,000)	(6,572,000)
Net realized and unrealized (gain) loss	(132,384,000)	50,955,000
Changes in operating assets and liabilities		
Other assets	(111,000)	(246,000)
Grant commitments	4,706,000	(850,000)
Amounts held in custody for others	327,000	(10,273,000)
Amounts held with no variance power	(1,635,000)	(6,163,000)
Other payables	(860,000)	53,000
Net cash used in operating activities	(26,076,000)	(24,178,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	643,172,000	531,634,000
Purchases of investments	(620,891,000)	(578,726,000)
Net cash provided by (used in) investing activities	22,281,000	(47,092,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions permanently restricted for long-term investment	3,370,000	6,572,000
Net cash provided by financing activities	3,370,000	6,572,000
Net decrease in cash and cash equivalents	(425,000)	(64,698,000)
Cash and cash equivalents, beginning of year	86,750,000	151,448,000
Cash and cash equivalents, end of year	$ 86,325,000	$ 86,750,000
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash gifts	$ 40,183,000	$ 37,681,000

See accompanying notes.

Note 1 – Nature of Operations

The Jewish Community Foundation of the Jewish Federation Council of Greater Los Angeles (the "Foundation") is a California nonprofit corporation organized solely for charitable purposes. The sole member of the Foundation is the Jewish Federation Council of Greater Los Angeles ("JFC"). The accompanying consolidated financial statements do not include the accounts of JFC in as much as it is the intent of their respective Boards to operate the Foundation and JFC independently of one another.

The Foundation maintains the books and records for 35 support foundations, which are consolidated with the Foundation for financial reporting purposes; the Board of Directors of each support foundation includes a majority of Foundation-appointed members and a minority of family-appointed members. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. The Foundation and its support foundations are collectively referred to herein as the Foundation.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying consolidated financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities.* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations, subject to designations below, and not subject to donor restrictions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Such donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 – Summary of Significant Accounting Policies (continued)

The Foundation has three components within net assets without donor restrictions: Support Foundations, Donor Advised Funds, and the Permanent Legacy Fund ("PLF").

- Support Foundations (Note 9) are separate, non-profit, charitable corporations funded and named by the donor that support the broad charitable purposes of the Foundation. All grants are approved by the Board of Directors of the respective support foundation and disbursed by the support foundation.

- Donor Advised Funds are gifts to the Foundation without donor restrictions; however, the donor retains the right to recommend grants to organizations that support the broad charitable purposes of the Foundation.

- The PLF (Note 8) is a board-designated endowment. Annually, the Board of the Foundation appropriates the amount to be spent from the PLF using Board-adopted spending policies.

Cash and cash equivalents – Cash and cash equivalents include cash on-hand and investments with original maturities at their purchase date of three months or less. The carrying value approximates fair value because of the short maturity of those instruments.

Bequests – The Foundation has been named as a beneficiary in numerous wills. Such bequests are not recognized as public support by the Foundation until the earlier of receipt of the assets or confirmation that such bequests are irrevocable.

Grant commitments – Grant commitments are grants that have been approved by the Board of Trustees for a specific program or project and those for which the Board of Trustees, through its by-laws, has approved the type of grant, but the specific program or project is yet to be determined. Grant commitments to be paid in subsequent years are reported at their net present value using a present value technique, determined using risk-free interest rates applicable for the year in which the grant commitment was first made. These rates ranged from 1.58% to 2.63% at December 31, 2019, and ranged from 1.89% to 2.63% at December 31, 2018.

Investments – Investments consist of money market funds; mutual funds (including fixed income and equity funds); U.S. and international common and preferred stock; U.S. government, municipal, corporate, and international bonds; and other holdings, comprised of non-publicly traded investments. Investments are reported at fair value under a hierarchy which prioritizes the inputs in fair value measurements.

Note 2 – Summary of Significant Accounting Policies (continued)

The Foundation's investments in mutual funds are valued at the net asset value of shares held. In general, there are no restrictions as to the redemption of these funds, nor does the Foundation have any contractual obligations to further invest in any of these funds. In addition, these funds have daily or monthly liquidity with trades settling between one and three days. Mutual funds are reported by investment asset class (e.g., equity or fixed income) in the tables in Note 3. Investments in common stock are valued using quoted market prices reported on the active market upon which the individual securities are traded. The fair value of the fixed income securities is determined based on valuations provided by independent pricing services, which use multiple valuation techniques that incorporate available market information and proprietary valuation models, which consider market characteristics, such as benchmark yield curve, credit spreads, estimated default rates, and other security features.

For the Common Investment Pool, Strategic Return Fund, and other investments (Note 3), the Foundation considers investments in asset classes other than public equity and fixed income to be alternative investment strategies ("Alternative Investments"). These investments include hedge funds, private equity investments, and other limited partnership interests such as real estate partnerships. The Foundation also considers inflation-hedging investments such as commodities and infrastructure-related investments to be Alternative Investments due to their low correlation with other investment asset classes. Investments that are not readily marketable are carried at fair value, which is determined in good faith by the Foundation, based on relevant factors such as the most recent communications with representatives of the companies that manage the investments.

The Foundation uses net asset value (NAV) as a practical expedient to determine the fair value of alternative investments which (a) do not have a readily determinable fair value, and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. If the NAV of the investment obtained from the fund manager is not as of the Foundation's measurement date or is not calculated in a manner consistent with the specialized accounting guidance for investment companies, the Foundation considers whether an adjustment to the most recent NAV is necessary. Because of the inherent uncertainty of valuations, these amounts may differ materially from values that would be realized if the investments were sold.

Investment income is reported in the consolidated statements of activities and changes in net assets as either increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law. Net changes in unrealized gains (losses) on investments are reported in investment income, net in the consolidated statements of activities and changes in net assets.

Investments are monitored by the Foundation's Investment Committee and made in a manner consistent with policies and guidelines established by the Investment Committee and approved by the Board of Trustees. In addition to market risks, the Foundation is exposed to credit loss for the amount of the investments in the event of nonperformance by the other parties to the investment transactions. However, nonperformance by the counterparties is not anticipated.

Note 2 – Summary of Significant Accounting Policies (continued)

Amounts held in custody for others – Amounts held in custody for others represents resources received from nonprofit organizations that desire to have the Foundation provide investment management services for those other organizations' endowment or reserve funds. A liability is recorded at the estimated fair value of assets deposited with the Foundation by those nonprofit organizations. Resources are generally invested in the Common Investment Pool (Note 3). At December 31, 2019 and 2018, the Foundation held in custody $102,027,000 and $91,402,000, respectively, of the reserves of JFC, a related organization.

Amounts held with no variance power – Amounts held with no variance power are resources received by the Foundation in which the Foundation does not have the unilateral power to direct the use of the resources without the approval of the resource provider, such as when a donor names a specific agency as beneficiary and does not give the Foundation the ability to change the beneficiary. Resources received for which the Foundation does not have variance power are generally invested in the Common Investment Pool (Note 3) and shown as a liability in the consolidated statements of financial position.

Revenue recognition – Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized when the promise is made at fair value based on discounted cash flows. Amortization of the discounts is included in contributions. There were no receivables for unconditional promises to give at December 31, 2019 and 2018. Contributions of assets other than cash are recorded at their estimated fair value. Real estate contributed is recorded at fair value using a current appraisal on the date of the gift and is generally made available for sale as soon as practicable. Contributions of public stock are recorded at the mean of the quoted market price on the date of receipt of donation. Conditional promises to give are not recorded until the conditions are substantially met. An allowance for estimated uncollectible contributions receivable will be recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Accounts are written off against the allowance when deemed uncollectible.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes – The Foundation and its support foundations are public charities and are exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California Revenue and Taxation Code sections. The Foundation and its support foundations do not have any material uncertain tax positions. The Foundation and its support foundations file information organization returns in the United States federal jurisdiction and with the Franchise Tax Board in the State of California.

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of credit risk – The Foundation maintains commercial accounts in various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporations (FDIC) up to $250,000. At December 31, 2019 and 2018, the Foundation had amounts that were in excess of the FDIC insurance limits. The Foundation performs ongoing evaluations of commercial banks to limit its concentration of credit risk exposure.

Subsequent events – The Foundation has evaluated subsequent events through June 4, 2020, the date the consolidated financial statements were issued.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a pandemic. The results of the Foundation's operations could be adversely affected to the extent that coronavirus or any other epidemic harms the global economy. Management will continue to monitor these events closely, but given the uncertainty, the Foundation cannot estimate the impact to the consolidated financial statements.

The Foundation held investments at December 31, 2019 that have experienced significant volatility in 2020 as a result of market reaction to the coronavirus outbreak. At this time management believes any decline in fair value for these investments is temporary. While the Foundation's diversified asset allocation and investment approach have offered some protection, the market volatility and the continuing situation surrounding the coronavirus are uncertain.

Recent accounting pronouncements – On January 1, 2019, the Foundation adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method. There was no cumulative effect to opening net assets as of January 1, 2019, using the modified retrospective method. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

The Foundation also adopted the provisions of FASB ASU 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective January 1, 2019, using the modified retrospective method. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

Reclassifications – Certain reclassifications were made to the 2018 amounts to conform to the 2019 presentation.

Note 3 – Investments

ASC 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and enhances disclosure about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes how to measure fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable.

Level I: Quoted prices in active markets for identical assets or liabilities.

Level II: Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Some fixed income securities, such as corporate bonds, do not trade regularly and are classified as Level II securities; fair value may be estimated by independent pricing services based on the prices of similar securities. Securities measured using net asset value (NAV) per share (or equivalent) as a practical expedient include equity securities, hedge funds, and private equity investments. NAV amounts provided by fund managers are adjusted for receipts and disbursements of cash and securities to the most recently available NAV date.

Note 3 – Investments (continued)

The following table presents the Foundation's assets measured at fair value as of December 31, 2019:

	Level I	Level II	Level III	Assets Measured Using Net Asset Value (or Equivalent)	Total
Cash and cash equivalents	$ 36,000	$ -	$ -	$ -	$ 36,000
Equity					
Domestic	408,898,000	-	3,634,000	35,087,000	447,619,000
International	214,541,000	-	960,000	16,659,000	232,160,000
Fixed income					
Domestic	454,638,000	19,416,000	-	25,640,000	499,694,000
International	2,517,000	536,000	-	13,020,000	16,073,000
Alternative investments					
Hedge funds	-	-	-	16,064,000	16,064,000
Private equity	-	-	-	12,484,000	12,484,000
Inflation-hedging	453,000	-	-	-	453,000
Real estate	-	-	11,287,000	-	11,287,000
State of Israel bonds	-	5,009,000	-	-	5,009,000
Total investments	$ 1,081,083,000	$ 24,961,000	$ 15,881,000	$ 118,954,000	$ 1,240,879,000

The following table presents the Foundation's assets measured at fair value as of December 31, 2018:

	Level I	Level II	Level III	Assets Measured Using Net Asset Value (or Equivalent)	Total
Cash and cash equivalents	$ 19,803,000	$ -	$ -	$ -	$ 19,803,000
Equity					
Domestic	289,556,000	-	4,071,000	26,195,000	319,822,000
International	159,009,000	-	960,000	14,278,000	174,247,000
Fixed income					
Domestic	434,357,000	18,082,000	-	21,687,000	474,126,000
International	2,075,000	753,000	-	12,017,000	14,845,000
Alternative investments					
Hedge funds	-	-	-	7,333,000	7,333,000
Private equity	-	-	-	12,486,000	12,486,000
Inflation-hedging	9,439,000	-	-	-	9,439,000
Real estate	-	-	50,935,000	-	50,935,000
State of Israel bonds	-	4,781,000	-	-	4,781,000
Total investments	$ 914,239,000	$ 23,616,000	$ 55,966,000	$ 93,996,000	$ 1,087,817,000

Note 3 – Investments (continued)

The investment goals of the Foundation are to maintain or grow its asset size and spending power in real (inflation-adjusted) terms with risk at a level appropriate to the Foundation's program objectives. The Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies. As a general practice, except for certain support foundations' holdings and government obligations, nearly all financial assets of the Foundation are managed by external investment management firms selected by the Foundation. All financial assets of the Foundation are held in custody by a major commercial bank, except for assets invested with partnerships, real estate, and State of Israel bonds.

At December 31, 2019 and 2018, approximately 89% and 86%, respectively, of the Foundation's assets are invested in publicly-traded equities and mutual funds, which are listed on national exchanges; treasury and agency bonds of the U.S. government; and investment grade corporate bonds for which active trading markets exist.

In 2019, The Foundation had contributions of Level III domestic equities of $719,000, contributions of Level III real estate partnerships of $4,350,000 and contributions of other Level III real estate assets of $500,000. In 2018, The Foundation had contributions of Level III domestic equities of $3,221,000. The Foundation had sale proceeds from Level III real estate of $67,060,000 in 2019, including a realized gain of $21,491,000 related to one real estate holding. There were no significant transfers into or out of Level III of the fair value hierarchy during 2019 or 2018.

The following table includes quantitative information about Level III investments included in the preceding tables, including the range of significant unobservable inputs used in the fair value measurement:

	Fair Value as of December 31,		Valuation	Unobservable	
	2019	2018	Techniques	Inputs	Range
Domestic equity	$ 3,634,000	$ 4,071,000	Market approach	Market comparable rate	N/A*
				Discount rate	N/A*
International equity	960,000	960,000	Company Valuation or Market Comparables	Company Financials or General Partners' Estimates	N/A*
Real estate and partnership interests	11,287,000	50,935,000	Income approach	Capitalization rate	N/A*
				Discount rate	N/A*
			Sales comparison	Market comparable rates	N/A*
	$ 15,881,000	$ 55,966,000			

*Not included due to the wide range of possible values given the diverse nature of underlying investments.

Note 3 – Investments (continued)

The following table summarizes characteristics of the Foundation's investments measured using NAV at December 31, 2019:

	Strategy	Fair Value	# of Funds	Remaining Life	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms and Restrictions
Domestic equity	Long-short US equity fund	$ 35,087,000	1	N/A	None	None	Annual 60 days notice 20% fund level gate
International equity	Long-only international equity fund	16,659,000	1	N/A	None	None	Monthly 10 days notice No restrictions
Fixed income	High-yield, credit, and multi-strategy funds	38,660,000	5	N/A	$ 665,000	2022	Monthly to cannot redeem 30 to 90 days notice Restrictions vary by fund
Hedge funds	Long-short and multi-strategy funds	16,064,000	6	N/A	None	None	Monthly to over 1 year 30 days to 12 months notice Restrictions vary by fund
Private equity	Opportunistic real estate, US/international funds of funds, and multi-strategy funds.	12,484,000	13	Through 2024	$ 18,482,000	2023	Cannot redeem
Total		$ 118,954,000	26		$ 19,147,000		

Although the Foundation uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation technique. Therefore, the values presented herein are not necessarily indicative of the amount that the Foundation could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the consolidated financial statements. These events could also affect the amount realized upon liquidation of the investments.

The gain (loss) on the Foundation's investment portfolio consists of the following for the years ending December 31:

	2019	2018
Interest and dividends	$ 20,784,000	$ 21,080,000
Realized and unrealized gains (losses)	134,803,000	(48,694,000)
Related expenses	(2,419,000)	(2,261,000)
	$ 153,168,000	$ (29,875,000)

Note 3 – Investments (continued)

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Foundation's investments and total net assets balance could fluctuate materially.

The Common Investment Pool (CIP) serves as an investment pool for endowment funds, support foundations, and funds held in custody for charitable or educational organizations. The investment pool is operated using the net asset value method. Net investment income and net realized and unrealized gains (losses) on investments are allocated to each participant in the pool at the end of each quarter based on each participant's share of the investments in the pool. The Strategic Return Fund is an investment pool available for Donor Advised Funds with an investment strategy similar to the CIP but with monthly liquidity.

The investment income (loss), net of related expenses, for the CIP, Strategic Return Fund, and other investments are presented below for the years ended December 31:

	2019	2018
Common Investment Pool	$ 36,934,000	$ (10,462,000)
Strategic Return Fund	6,238,000	(2,354,000)
Other investments	109,996,000	(17,059,000)
	$ 153,168,000	$ (29,875,000)

The composition of the CIP at fair value is as follows at December 31:

	2019	2018
Equity		
Domestic	$ 154,961,000	$ 112,099,000
International	104,381,000	77,600,000
Fixed income	140,792,000	145,357,000
Alternatives		
Hedge funds	17,877,000	18,167,000
Private equity	9,334,000	9,255,000
Inflation-hedging	-	8,673,000
Total	$ 427,345,000	$ 371,151,000

Note 4 – Retirement Benefits (Unaudited)

Retirement benefits are provided for substantially all employees hired before January 1, 2006, through the Basic Pension Plan for Employees of the JFC (the "Plan"), a multi-employer pension plan. The risks of participating in multi-employer plans are different from single-employer plans in the following respects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the Plan may become the responsibility of the remaining participating employers.
- If the Foundation chooses to stop participating in the multi-employer plan, the Foundation may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The JFC is the Plan administrator of the Basic Pension Plan (Plan number 001), a multi-employer pension plan. The Foundation is one of the participating members registered under the Employer Identification Number 95-1643388. The Plan is made up of two components: a defined benefit component and an employee contribution component. The Plan is subject to a collective bargaining agreement which expires on June 30, 2022.

The actuarial value of the Plan's assets and accrued liabilities, as reported in the annual certification submitted to the Secretary of the Treasury by the Plan's actuary, as of December 31, 2019 and 2018, are listed below. In addition, the Plan's funded percentage and the interest rate used in the accrued liability calculation are listed below. The plan is "not endangered" (as defined by the IRS), also known as the "green zone," because the Plan's funded percentages were more than 80% for the plan years beginning January 1, 2019 and 2018, and because the Plan met other funding criteria. The figures reported in the annual certification, summarized below, are not audited.

	2019	2018
Actuarial value of assets	$ 117,358,000	$ 118,405,000
Actuarial accrued liabilities	137,601,000	133,859,000
Funded percentage	85.20%	88.40%
Valuation interest rate	7.50%	7.50%

Charges to current year expense for the Foundation's share of the pension contributions were $347,000 and $358,000 for the years ended December 31, 2019 and 2018, respectively, and are included in management and general expenses in the consolidated statements of activities and changes in net assets. The Foundation was listed in the Plan's Form 5500 as providing more than 5 percent of the total contributions in the plan years ending December 31, 2018 and 2017, which are the latest years available.

Note 4 – Retirement Benefits (Unaudited) (continued)

Employees hired on or after January 1, 2006, are eligible for a defined contribution plan. The Foundation makes a contribution based on 5% of eligible compensation for participants who have served more than one year of eligible service. Participants are fully vested after three years. The Foundation contributed $114,000 and $91,000 for the years ended December 31, 2019 and 2018, respectively, to the defined contribution plan.

Note 5 – Grant Commitments

Grant commitments are expected to be disbursed as follows for the years ending December 31:

2020	$ 22,079,000
2021	8,852,000
2022	6,206,000
2023	4,301,000
2024	3,130,000
Total	44,568,000
Present value discount	(1,690,000)
Grants payable, net	$ 42,878,000

The Foundation has approved $55,950,000 of conditional grants at December 31, 2019, which is not included in grants commitments. Grants are conditional upon grantees meeting certain milestones as detailed in the agreements.

Note 6 – Net Assets with Donor Restrictions

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

	2019	2018
Subject to spending policy and appropriation, including amounts above original gift amount of $92,387,000 in 2019 and $89,017,000 in 2018		
Specific grant areas or organizations	$ 79,770,000	$ 69,294,000
Any activities of the Foundation	43,188,000	36,641,000
	122,958,000	105,935,000
Subject to expenditure for a specified purpose	724,000	722,000
Subject to appropriation and expenditure when a specified event occurs	41,000	204,000
Total net assets with donor restrictions	$ 123,723,000	$ 106,861,000

Note 7 – Spending Policy

Consistent with the policy of maintaining the purchasing power of the Permanent Legacy Fund and other endowment funds, the Board of Trustees has approved a spending rate of 5% of the average fair value of the most recent five years. If the current yield is insufficient to provide the full amount of the 5% spending rate, the balance to be expended may be appropriated from accumulated realized and unrealized gains of these assets.

Note 8 – Endowments

The Foundation's endowment consists of approximately 120 donor-restricted endowment funds in addition to the Permanent Legacy Fund, a board-designated endowment. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds are invested in the Common Investment Pool with the goal of meeting the Foundation's spending policy (Notes 3 and 7).

Note 8 – Endowments (continued)

The Board of Trustees of the Foundation has determined that a portion of the Foundation's net assets meet the definition of endowment under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of California as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

The following table presents the Foundation's endowment composition, changes, and net asset classifications for the years ended December 31, 2019 and 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, 12/31/2017	$ 67,809,000	$ 109,661,000	$ 177,470,000
Investment (losses), net	(2,327,000)	(5,642,000)	(7,969,000)
Gifts	1,297,000	6,572,000	7,869,000
Appropriation of endowment assets for expenditure	(4,345,000)	(4,656,000)	(9,001,000)
Endowment net assets, 12/31/2018	62,434,000	105,935,000	168,369,000
Investment income, net	12,277,000	18,848,000	31,125,000
Gifts	1,263,000	3,370,000	4,633,000
Appropriation of endowment assets for expenditure	(4,774,000)	(5,195,000)	(9,969,000)
Endowment net assets, 12/31/2019	$ 71,200,000	$ 122,958,000	$ 194,158,000

Note 8 – Endowments (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). The Foundation has interpreted UPMIFA to permit spending from endowment funds with deficits of this nature in accordance with prudent measures required under law. There were no such deficits as of December 31, 2019 and 2018.

Note 9 – Support Foundations

The Foundation has 35 support foundations. A support foundation is a separate not-for-profit corporation that exists to support the Foundation and those charitable organizations supported by the Foundation. Each foundation is a tax-exempt entity for both Federal and California tax purposes, and is classified as a public charity rather than as a private foundation.

The support foundations are controlled by the Foundation through the selection of a majority of the Board of Directors of the support foundation by the Foundation's Board of Trustees, as required by the Foundation in establishing a support foundation. Accordingly, the support foundations are consolidated with the Foundation and included in net assets without donor restrictions.

Note 9 – Support Foundations (continued)

The following is a summary of the significant financial statement components of the support foundations as of December 31, 2019 and 2018, and for the years then ended:

	2019	2018
Assets		
Cash and cash equivalents	$ 11,689,000	$ 14,612,000
Investments		
Securities	183,741,000	157,756,000
Common Investment Pool	50,944,000	42,667,000
Strategic Return Fund	1,172,000	1,009,000
State of Israel bonds	896,000	696,000
Real estate and partnership interests	8,199,000	9,094,000
Total investments	244,952,000	211,222,000
Other assets	571,000	178,000
Total assets	257,212,000	226,012,000
Total liabilities	30,065,000	23,905,000
Total net assets without donor restrictions	227,147,000	202,107,000
Total liabilities and net assets	257,212,000	226,012,000
Public Support, Corpus Gifts, and Gains		
Contributions	11,262,000	20,179,000
Investment income (losses), net	40,509,000	(12,750,000)
Total public support, corpus gifts, and gains	51,771,000	7,429,000
Distributions and Expenses		
Program grants and distributions	25,919,000	17,257,000
Support services	812,000	870,000
Total distributions and expenses	26,731,000	18,127,000
Change in net assets	25,040,000	(10,698,000)
Net assets, beginning of year	202,107,000	212,805,000
Net assets, end of year	$ 227,147,000	$ 202,107,000

Note 10 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	2019	2018
Cash and cash equivalents	$ 74,202,000	$ 77,910,000
Investments	837,555,000	697,475,000
	$ 911,757,000	$ 775,385,000

In the calculation of financial assets, the Foundation includes the portion of the Permanent Legacy Fund that is available for expenditure per the Foundation's spending policy (Note 7). The Foundation also includes assets from Donor Advised Funds and support foundations because these do not have donor restrictions and are available to meet the Foundation's general expenditures, which predominantly consist of grants (Note 11). Donor-restricted endowment funds are not considered to be available for general expenditures.

The Foundation has established an operating reserve and reviews its funding level on an ongoing basis to ensure it is adequate. The Foundation invests cash in excess of daily requirements in U.S. government securities, other short-term investments, and money market funds.

Note 11 – Functional Expenses

The following table presents the Foundation's expenses by program or supporting function for the year ended December 31, 2019:

		Support Services			
	Program	Management and General	Development	Total Support Services	Total
Grants and distributions	$ 132,670,000	$ -	$ -	$ -	$ 132,670,000
Personnel	-	2,744,000	2,069,000	4,813,000	4,813,000
Other	-	2,656,000	804,000	3,460,000	3,460,000
	$ 132,670,000	$ 5,400,000	$ 2,873,000	$ 8,273,000	$ 140,943,000

Note 11 – Functional Expenses (continued)

The following table presents the Foundation's expenses by program or supporting function for the year ended December 31, 2018:

		Support Services			
	Program	Management and General	Development	Total Support Services	Total
Grants and distributions	$ 113,043,000	$ -	$ -	$ -	$ 113,043,000
Personnel	-	2,732,000	2,061,000	4,793,000	4,793,000
Other	-	2,949,000	921,000	3,870,000	3,870,000
	$ 113,043,000	$ 5,681,000	$ 2,982,000	$ 8,663,000	$ 121,706,000

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Foundation allocates expenses on the basis of estimates of time and effort.