HEBREW FREE LOAN ASSOCIATION
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

Years Ended May 31, 2015 and 2014

CONTENTS

SILVERMAN, KAPLAN & SAKWA, CPA's, PC
SINCE 1954
Isadore Silverman, CPA (1923-2012)
Alan H. Kaplan, CPA, CGMA
Stuart M. Sakwa, CPA, MST, CSEP, PFS
Alan M. Salomon, CPA/ABV, CVA
29200 Northwestern Hwy. • Suite 150
Southfield, Michigan 48034
office 248.358.4121 • fax 248.358.3394
www.skspc.net

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hebrew Free Loan Association

We have audited the accompanying financial statements of Hebrew Free Loan Association (a non-profit corporation), which comprise the statements of financial position as of May 31, 2015 and 2014 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hebrew Free Loan Association as of May 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Silverman Kaplan & Sakwa

SILVERMAN, KAPLAN & SAKWA, CPA'S, PC

Southfield, Michigan
October 1, 2015

HEBREW FREE LOAN ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
May 31, 2015 and 2014

	2015	2014
ASSETS		
ASSETS		
Cash and cash equivalents	$ 1,577,153	$ 1,303,352
Investments	3,199,339	3,448,828
Loans receivable (net of allowance for doubtful accounts of $51,550 and $71,500)	3,543,645	3,121,908
Endowment funds	710,047	611,332
Property and equipment - net of accumulated depreciation and amortization	95,313	118,687
Bequests receivable	180,000	180,000
Pledges receivable (net of allowance for uncollectible pledges of $17,418 and $26,568)	340,876	442,877
TOTAL ASSETS	$ 9,646,373	$ 9,226,984

	2015	2014
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 3,907	$ 8,118
Payroll taxes withheld and accrued	161	111
Compensated absences accrued	37,750	-
Retirement contributions accrued	6,460	-
Note payable - Fisher Foundation	198,000	200,000
Notes payable - United Jewish Foundation	31,520	31,820
Total Liabilities	277,798	240,049
NET ASSETS		
Unrestricted	8,317,652	7,932,726
Temporarily restricted	315,540	424,474
Permanently restricted	735,383	629,735
Total Net Assets	9,368,575	8,986,935
TOTAL LIABILITIES AND NET ASSETS	$ 9,646,373	$ 9,226,984

See accompanying notes to financial statements.

HEBREW FREE LOAN ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended May 31, 2015 and 2014

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Support					
Contributions	$ 376,068	$ 377,982	$ 105,648	$ 859,698	$ 529,678
Grants - United Jewish Foundation	152,913	-	-	152,913	152,913
Grants - Other	-	100,000	-	100,000	500,000
Total Support	528,981	477,982	105,648	1,112,611	1,182,591
Revenue					
Gain on investments	-	22,633	-	22,633	46,109
Interest income	17,762	-	-	17,762	16,551
Service fee income	-	22,920	-	22,920	43,224
Total Revenue	17,762	45,553	-	63,315	105,884
Net assets released from restrictions	632,469	(632,469)	-	-	-
Total Support and Revenue	1,179,212	(108,934)	105,648	1,175,926	1,288,475
FUNCTIONAL EXPENSES					
Program Services					
Hebrew Free Loan	432,479	-	-	432,479	434,432
Wm Davidson Jewish College Loan Program	160,861	-	-	160,861	73,673
Total Program Services	593,340	-	-	593,340	508,105
Supporting Services					
Management and general	91,251	-	-	91,251	80,643
Development	109,695	-	-	109,695	94,877
Total Supporting Services	200,946	-	-	200,946	175,520
Total Expenses	794,286	-	-	794,286	683,625
CHANGE IN NET ASSETS	384,926	(108,934)	105,648	381,640	604,850
Net Assets at Beginning of Year	7,932,726	424,474	629,735	8,986,935	8,382,085
NET ASSETS AT END OF YEAR	$ 8,317,652	$ 315,540	$ 735,383	$ 9,368,575	$ 8,986,935

See accompanying notes to financial statements.

HEBREW FREE LOAN ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended May 31, 2015 and 2014

	2015							2014
	PROGRAM SERVICES			SUPPORTING SERVICES				
	Hebrew Free Loan	Wm Davidson Jewish College Loan Program	Total Program Services	Management and General	Development	Total Supporting Services	TOTAL FUNCTIONAL EXPENSES	TOTAL FUNCTIONAL EXPENSES
Salaries and related benefits	$ 253,091	$ 108,221	$ 361,312	$ 80,529	$ 76,259	$ 156,788	$ 518,100	$ 403,690
Bad debts	6,915	-	6,915	-	-	-	6,915	43,244
Depreciation and amortization	16,461	15,254	31,715	-	-	-	31,715	19,627
Dues	-	-	-	1,800	-	1,800	1,800	1,000
Miscellaneous	3,332	-	3,332	419	59	478	3,810	3,037
Occupancy	51,344	-	51,344	2,852	2,852	5,704	57,048	54,720
Office administration	49,107	20,168	69,275	-	19,354	19,354	88,629	87,073
Postage	6,237	1,751	7,988	-	782	782	8,770	6,759
Printing and publications	3,615	1,176	4,791	-	50	50	4,841	4,985
Professional fees and consulting	39,219	10,999	50,218	4,800	10,224	15,024	65,242	54,031
Telephone	3,158	3,292	6,450	-	-	-	6,450	4,371
Annual meeting	-	-	-	851	115	966	966	1,088
Total Functional Expenses	$ 432,479	$ 160,861	$ 593,340	$ 91,251	$ 109,695	$ 200,946	$ 794,286	$ 683,625

See accompanying notes to financial statements.

HEBREW FREE LOAN ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended May 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 381,640	$ 604,850
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	31,715	19,627
(Increase) decrease in:		
Accounts receivable	-	18
Loans receivable	(421,737)	(471,522)
Bequests receivable	-	35,720
Pledges receivable	102,001	342,981
Increase (decrease) in:		
Accounts payable	(4,211)	2,353
Payroll taxes withheld and accrued	50	51
Compensated absences accrued	37,750	-
Retirement contributions accrued	6,460	-
Net Cash Provided by Operating Activities	133,668	534,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,341)	(44,074)
Proceeds from sale (purchase) of investments	249,489	(728,552)
Contributions (release from) to endowment funds	(105,648)	(2,000)
Reinvestment of endowment earnings investment income (net of investment fees)	(22,633)	(46,109)
Distribution from endowment fund	29,566	29,192
Net Cash Provided by (Used by) Investing Activities	142,433	(791,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of notes payable	(2,300)	(2,105)
Net Cash Used by Financing Activities	(2,300)	(2,105)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	273,801	(259,570)
Cash and Cash Equivalents at Beginning of Year	1,303,352	1,562,922
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,577,153	$ 1,303,352

See accompanying notes to financial statements.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Hebrew Free Loan Association (the "Association") was incorporated in 1895 as a Michigan non-profit corporation. The Association's program and supporting services are as follows:

Program Services

Hebrew Free Loan
The Association loans funds to members of the Michigan Jewish community whose financial needs cannot be met through traditional means. The loans are made interest-free as required by the Association's charter and in accordance with Jewish tradition.

**Wm Davidson Jewish College Loan Program -
(formerly Jewish Education Loan Service)**
In addition, the Association administers the Wm Davidson Jewish College Loan Program (JCLP) as part of the Association and on behalf of various community foundations and agencies. The JCLP provides support to students in need, based on certain criteria. The funding community foundations and agencies provide interest-free loans to the students.

Supporting Services

Management and General
Represents the functions necessary to maintain an adequate working environment, provide proper administrative support of the Association's programs and manage the financial and budgeting responsibilities of the Association.

Development
Provide the structure necessary to encourage and secure support from individuals, foundations and corporations.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets
Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets
Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. (The Association's temporary restricted assets are due only to the passage of time.)

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting - Continued

Permanently Restricted Net Assets
Net assets subject to donor-imposed restrictions that must be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on investment of these assets.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of support and revenue and functional expenses during the reporting period. Accordingly, actual results could differ from those estimated by management.

Cash and Cash Equivalents
The Association defines cash and cash equivalents as highly liquid, short-term investments with a maturity date of three months or less. At May 31, 2015 and 2014, cash and cash equivalents consist of monies held in checking, savings and money market accounts held at financial institutions and certificates of deposit held at a financial services company.

Investments
The Association invests in highly liquid certificates of deposit each with an original maturity date anywhere from twelve (12) months to twenty-four (24) months. At year end any certificate of deposit with a mature date of three (3) months or less will be recorded as cash equivalent. Certificates of deposit with greater than three months will be recorded as available for sale investments at May 31, 2015.

Loans Receivable
The Association's loans receivable are recorded on actual value of loan when issued. Loans are interest free. An allowance for doubtful accounts is based on 1½% of new loans made each month adjusted at year end based on managements evaluation of the loans receivable outstanding.

Property and Equipment
All tangible property is recorded at cost. Expenditures for maintenance and repairs are charged to operations in the year incurred. Depreciation and amortization are computed over estimated useful lives of 3-15 years using the straight-line method.

Impairment of Long-Lived Assets
The Association reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. To date, there have been no such losses.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Contributions are generally reported as increases to unrestricted net assets, unless specifically restricted by the donor. Contributions and investment income with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when expenses are incurred that satisfy the donor-imposed restrictions or upon expiration of donor-imposed time restrictions. Contributions are unconditional transfers of cash or other assets.

Pledges Receivable

The Association receives pledges and bequest of financial support. Support revenue is recognized when pledges represent unconditional promises to give are received. In the absence of such promises, revenue is recognized when pledges are paid. Conditional promises to give are not included as support until the conditions are met.

Bequests are recognized as support when the funds are determined to be receivable.

Donated Services

The Association recognizes donated services to the extent that the services require specialized skills that would typically have to be purchased by the Association if they had not been provided by contribution. No donated services of this nature were received in the current year.

Amounts of other donated services have not been reflected in the statements since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of time to the Association's program services and fundraising efforts.

Fair Value of Financial Instruments

The Association has estimated the fair value of their financial instruments using the following methods and assumptions:

The carry amounts of cash, pledges receivable, and accounts payable approximate fair value due to their short-term nature.

The recorded values of loans receivable and notes payable are recorded at their fair values. The loans are interest free as described under program services and no fluctuation in value would exist because of market conditions.

Revenue Recognition

The Association's contributions, including unconditional promises to give, are recognized in the period received. The Association reports gifts of cash as restricted assets if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expense

The Association follows generally accepted accounting principles in reporting expenses according to their functional classifications. Certain functional expenses are allocated among the programs and support services based on various time studies and estimates made by the Association's management.

Risks and Uncertainties

The Association has endowment investments that are pooled with investments from United Jewish Foundation (UJF). UJF holds various investments in any combination of stocks, bonds, fixed-income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks.

Given the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the statement of financial position and the statement of activities.

Income Taxes

The Association has been classified by the Internal Revenue Service as a non-profit organization, exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

The Association applies the standard for accounting for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. Based on its evaluation, the Association has concluded that there are no significant uncertain tax positions requiring recognition in their financial statements.

The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ending May 31, 2015, May 31, 2014 and May 31, 2013 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management Evaluation

Management has evaluated subsequent events through September 30, 2015, the date on which the financial statements were available to be issued.

NOTE B - LOANS RECEIVABLE AND LOANS PAYABLE

The Association provides loans for a number of specific and general purposes to members of the Jewish community. The loans are interest free and unsecured but generally require that the loan be co-signed by a guarantor.

NOTE B - LOANS RECEIVABLE AND LOANS PAYABLE - Continued

In addition to the funds that the Association had available, UJF has provided interest-free loans to the Association to be used for specific purposes loans. The Association has loaned out these specific amounts and currently the balance outstanding on these loans from the loan recipients is $31,520 and $31,820 at May 31, 2015 and 2014, respectively. The loans receivable are fully guaranteed by UJF and therefore no allowance for doubtful accounts is included herein on those receivables. The balance owing back to UJF at May 31, 2015 and 2014 is $31,520 and 31,820, respectively.

The Association is responsible for the administration of the JCLP on behalf of various foundations and community agencies. The loans receivable, with a face value of approximately $3,836,000 and $2,912,000 at May 31, 2015 and 2014, respectively, represent the balance of loans made to students with a corresponding loan payable to the funding foundations and agencies of the JCLP.

The JCLP loans are not reflected on the statement of financial position of the Association because the Association is the administrator for the loans. The Association has no credit risk associated with the collectability of these loans receivable.

The loan activity associated with the Association's programs for the years ended May 31, is as follows:

	2015	2014
Balance at Beginning of Year	$ 3,121,908	$ 2,650,386
Loans made	1,846,241	1,591,683
Loan repayments	(1,415,589)	(1,075,533)
Loan write-offs	(28,865)	(59,628)
Change in allowance for doubtful account	19,950	15,000
Balance at End of Year	$ 3,543,645	$ 3,121,908

NOTE C - CONCENTRATIONS

Balances maintained at local financial institutions and the financial services company are insured by Federal Deposit Insurance Corporation (FDIC) up to $250,000. At May 31, 2015 and 2014, balances in excess of the $250,000 insurance limit, based on financial institution records, approximated $190,000 and $340,000, respectively. At May 31, 2015 and 2014, there were no certificates of deposit in excess of the $250,000 insurance limit at the financial services company.

NOTE D - GUARANTEE OF DEBT

The Association, as part of the Small Business Loan Program, will guarantee the debt of business loans that are made through coordinated efforts with a financial institution. The financial institution requires the Association to maintain deposits sufficient to reimburse the Associations guarantee of debt. At both May 31, 2015 and 2014, the Association had $50,000 on deposit with the bank to serve as collateral on the loans. Management anticipates these loans will be repaid in full, therefore these obligations are not included on the balance sheet. The balance of the loan at May 31, 2015 is $67,022 of which the Association has guaranteed 25% of the balance upon default, or $16,756.

NOTE E - FAIR VALUE MEASUREMENTS

As defined in the accounting standards, 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. In determining fair value, the Association uses various valuation methods including market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Association attempts to utilize valuation methods that maximize the use of observable inputs. Based on the observability of the inputs used in the valuation methods, the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - Unobservable inputs that are not corroborated by market data.

The Association has certificates of deposits that are held as an investment. The certificate of deposits have fair values that are based on quoted prices and are classified as Level 1 investments.

The Association also has specific endowment funds that are held by UJF. These endowment funds are invested as part of a pooled income portfolio that invests in various equity and fixed-income investments that are publically traded securities. While these investments are classified at various levels in the financial statement of UJF, the Association must classify the investments as Level 3 investments as the detail of the specific investments is not readily available to recalculate fair values of said investments.

NOTE F - ENDOWMENT FUNDS

The Association has specific endowment funds that are held by UJF. These endowment funds are established by donors and are held by UJF for the benefit of the Association.

Interpretation of Relevant Law

The Association has interpreted the Uniform Prudent Management of Institutional Funds Act (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 donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets, the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in the manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

The duration and preservation of the fund
The purposes of the Association and the donor restricted endowment fund
General economic conditions
The possible effect of inflation and deflation
The expected total return from income and the appreciation of investments
Other resources of the Association
The investment policies of the Association

Funds with Deficiencies

From time to time, the fair value associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA require the associations to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred. Subsequent gains that restore the fair value of the assets of endowment funds to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

The endowment funds are invested and held at UJF. The investment policies for endowment assets attempt to provide a predictable stream of funding to the programs and are 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 Association must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the governing board of UFJ, the endowment assets are invested in a manner that is intended to produce results that exceed 5% annually while assuming a moderate level of investment risk.

NOTE F - ENDOWMENT FUNDS - Continued

Strategies Employed for Achieving Objectives

To satisfy the long-term rate-of-return objectives, strategies are put in place in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend income). The target is a diversified asset allocation that places a great emphasis on equity based investments to achieve its long-term objectives.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association receives quarterly distribution from UJF from their portion of the pooled endowment investments. These quarterly distributions represent approximately 5.5% of the endowment base. The endowment base is defined as the three-year moving average of the market value of the total endowment portfolio. The current spending policy will allow for growth of approximately 2% annually. This is consistent with the objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The donors who established the endowment funds have permanently restricted the use of their contributions. The investment gains (losses) of these funds and miscellaneous contributions to the funds are temporarily restricted until withdrawals are made for specific purposes, or for general activities, as allowed by donor provisions.

Endowment net assets composition as of May 31, 2015 are as follows:
(per unaudited documents received from UJF)

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (25,336)	$ 735,383	$ 710,047

Endowment net assets composition as of May 31, 2014 are as follows:
(per audited documents received from UJF)

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (18,403)	$ 629,735	$ 611,332

NOTE F - ENDOWMENT FUNDS - Continued

Changes in endowment net assets for the year ended May 31, 2015 are as follows:
(per unaudited documents received from UJF)

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	$ (18,403)	$ 629,735	$ 611,332
Income from investments	27,722	-	27,722
Contributions	-	105,648	105,648
Miscellaneous income/expense	17	-	17
Management fees	(5,106)	-	(5,106)
Quarterly distributions received	(29,566)	-	(29,566)
Endowment net assets, end of the year	$ (25,336)	$ 735,383	$ 710,047

Changes in endowment net assets for the year ended May 31, 2014 are as follows:
(per audited documents received from UJF)

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	$ (97,320)	$ 689,735	$ 592,415
Income from investments	50,166	-	50,166
Contributions	-	2,000	2,000
Miscellaneous income/expense	297	-	297
Management fees	(4,354)	-	(4,354)
Quarterly distributions received	(29,192)	-	(29,192)
Subtotal	(80,403)	691,735	611,332
Release of endowment	62,000	(62,000)	-
Endowment net assets, end of the year	$ (18,403)	$ 629,735	$ 611,332

NOTE G - PLEDGES RECEIVABLE

Donors pledge contributions to the Association to be received over a period of years. The pledge is recorded as pledges receivable in the year promised at the present value of expected future cash flows, net of allowance for uncollectible amounts. The present value is computed using appropriate discount rates 1.0 and 1.5 percent for the year ended May 31, 2015 and 2014, respectively.

The Association has calculated an allowance for uncollectible pledges receivable based on management's judgement. The factors that were considered in the calculation are prior collection history and type of contribution.

Unconditional promises to give at May 31, are as follows:

	2015	2014
Receivable in less than one year	$ 251,634	$ 244,135
Receivable in one to five years	115,055	238,921
	366,689	483,056
Less: allowance for uncollectible pledges	(17,418)	(26,568)
Less: discounts to net present value	(8,395)	(13,611)
Net unconditional promises to give	$ 340,876	$ 442,877

To comply with the requirements of FASB ASC 958-605, unconditional promises to give are recorded as temporarily restricted net assets until received.

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at May 31,:

	2015	2014
Computer equipment	$ 135,126	$ 126,784
Furniture and equipment	30,634	30,634
Leasehold improvements	89,342	89,342
Total cost	255,102	246,760
Less: accumulated depreciation and amortization	(159,789)	(128,073)
Net carrying amount	$ 95,313	$ 118,687

Depreciation and amortization expense for the year ended May 31, 2015 and 2014 totaled $31,715 and $19,627, respectively.

NOTE I - OPERATING LEASE

The Association leases its office facilities under a five year agreement with UJF, dated May 13, 2010 and expiring May 2015. On March 5, 2015, a lease extension was signed extending the lease for an additional three years concluding on May 31, 2018. The Association will receive a grant allocation from UJF for a portion of the lease payment and the rental payment is recorded at fair rental value of the leased premises. Total occupancy expense for the year ended May 31, 2015 and 2014 was $57,048 and $54,720, respectively.

Future minimum lease payments under the lease are as follows:

Year Ending May 31:	Amount
2016	$ 57,049
2017	57,330
2018	59,676
Total	$ 174,055

NOTE J - EMPLOYEE PENSION PLAN

The Association is a constituent agency of Jewish Federation of Metropolitan Detroit (JFMD) and participates in a qualified pension plan covering the non-union employees of JFMD and its affiliates. Pension costs are allocated by JFMD and are billed to the Association. Accumulated pension benefits and plan net assets are not segregated between the various employer units. The Association's allocable pension expense for the year ended May 31, 2015 and 2014 was $9,300 and $5,000, respectively.

The plan is underfunded, and in the event that the Association has no assets available to pay their contribution, the costs will be covered by JFMD. Effective December 31, 2014, JFMD froze the Plan.

Effective January 1, 2015, the Association began offering a defined contribution 403(b) retirement plan to all employees who meet eligibility requirements. The plan allows for employee contributions along with a discretionary employer contribution of four percent (4%) of eligible employees' salary. Employer contributions to the plan are $6,460 for the year ended May 31, 2014; this full amount is reflected in retirement contributions accrued.

NOTE K - RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported Statement of Financial Position.

NOTE K - RECLASSIFICATIONS - Continued

In the year ended May 31, 2015, the Association concluded that it was appropriate to classify its certificates of deposit as investments, in accordance with auditing standards generally accepted in the United States of America. Previously, such investments had been classified as cash and cash equivalents. Accordingly, the Association revised the classification to report these securities under the investments caption for the year ended May 31, 2014. Corresponding reclassifications have also been made to the Statement of Cash Flows for the year ended May 31, 2014 to reflect the gross purchases and sales of these securities as investing activities rather than as a component of cash and cash equivalents. This change in classification does not materially affect previously reported cash flows from operations or from financing activities in the Statement of Cash Flows, and had no effect on the previously reported Statement of Activity for any period.

For the year ended May 31, 2014, $3,448,828 million of the investments were previously classified as cash and cash equivalents.

In the year ended May 31, 2015, the Association concluded that it was appropriate to reclassify a portion of its net assets from permanently restricted to temporarily restricted, to follow audited information received from UJF and in accordance with auditing standards generally accepted in the United States of America. Previously, the endowment and all activity was recorded as permanently restricted net assets. This change in classification does not materially affect previously reported Statement of Activity for any period.