

Financial Statements and Supplementary Information Together with  
Report of Independent Certified Public Accountants

**FJC**

March 31, 2018 and 2017

# FJC

## TABLE OF CONTENTS

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	<b>Page</b>
Report of Independent Certified Public Accountants	1 - 2
Financial Statements	
Statements of Financial Position as of March 31, 2018 and 2017	3
Statements of Activities and Change in Net Assets for the years ended March 31, 2018 and 2017	4 - 5
Statements of Cash Flows for the years ended March 31, 2018 and 2017	6
Notes to Financial Statements	7 - 17
Supplementary Information:	
Schedule of Functional Expenses for the year ended March 31, 2018	19
Schedule of Financial Position for Agency Loan Funds as of March 31, 2018	20
Schedule of Activities for Agency Loan Funds for the year ended March 31, 2018	21



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

To the Board of Directors of  
**FJC:**

We have audited the accompanying financial statements of FJC, which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities 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 FJC'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 Association'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 FJC as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Supplementary information**

Our audits were conducted for the purpose of forming an opinion on FJC's basic financial statements as a whole. The schedule of functional expenses for the year ended March 31, 2018, schedule of financial position for agency loan funds as of March 31, 2018, and the schedule of activities for agency loan funds for the year ended March 31, 2018 on pages 19, 20, and 21, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

New York, New York  
August 22, 2018

**FJC**  
**Statements of Financial Position**  
**As of March 31, 2018 and 2017**

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<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 2,886,300	\$ 5,556,919
Investments	242,290,155	222,220,207
Loans receivable	34,987,599	37,036,686
Accrued interest	478,196	308,310
Beneficial interest in third-party trusts	3,175,739	-
Other assets	<u>338,628</u>	<u>28,494</u>
Total assets	<u>\$ 284,156,617</u>	<u>\$ 265,150,616</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 90,500	\$ 79,488
Assets held for others	<u>25,204,196</u>	<u>24,812,432</u>
Total liabilities	<u>25,294,696</u>	<u>24,891,920</u>
 Commitments		
<b>NET ASSETS</b>		
Unrestricted:		
Donor-advised funds	228,369,642	215,494,473
General funds	<u>27,316,540</u>	<u>24,764,223</u>
Total unrestricted	255,686,182	240,258,696
Temporarily restricted	<u>3,175,739</u>	<u>-</u>
Total net assets	<u>258,861,921</u>	<u>240,258,696</u>
Total liabilities and net assets	<u>\$ 284,156,617</u>	<u>\$ 265,150,616</u>

*The accompanying notes are an integral part of these financial statements.*

**FJC**  
**Statements of Activities and Change in Net Assets**  
**For the years ended March 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CHANGE IN UNRESTRICTED NET ASSETS		
Operating support, revenue and gains		
Contributions	\$ 35,119,487	\$ 34,204,881
Management fees	163,187	170,800
Investment return:		
Loan interest	2,523,004	2,421,094
Interest and dividends, net	3,675,614	2,728,136
Net realized and unrealized gains	<u>11,344,366</u>	<u>12,778,032</u>
Total operating support, revenue and gains	<u>52,825,658</u>	<u>52,302,943</u>
Operating expenses		
Program services:		
Grants made to philanthropic organizations	35,457,159	33,045,656
Program expenses	<u>1,224,000</u>	<u>1,062,520</u>
Total program services	<u>36,681,159</u>	<u>34,108,176</u>
Supporting services:		
Management and general	689,636	767,095
Fundraising	<u>27,377</u>	<u>37,731</u>
Total supporting services	<u>717,013</u>	<u>804,826</u>
Total operating expenses	<u>37,398,172</u>	<u>34,913,002</u>
Change in unrestricted net assets	<u>15,427,486</u>	<u>17,389,941</u>
Unrestricted net assets, beginning of year	<u>240,258,696</u>	<u>222,868,755</u>
Unrestricted net assets, end of year	<u>255,686,182</u>	<u>240,258,696</u>

*The accompanying notes are an integral part of these financial statements.*

**FJC**  
**Statements of Activities and Change in Net Assets**  
**For the years ended March 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 3,175,739	\$ -
Change in temporarily restricted net assets	<u>3,175,739</u>	<u>-</u>
Change in net assets	18,603,225	17,389,941
Net assets, beginning of year	<u>240,258,696</u>	<u>222,868,755</u>
Net assets, end of year	<u>\$ 258,861,921</u>	<u>\$ 240,258,696</u>

*The accompanying notes are an integral part of these financial statements.*

**FJC**  
**Statements of Cash Flows**  
For the years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 18,603,225	\$ 17,389,941
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains	(11,344,366)	(12,778,032)
Donated securities	(9,741,961)	(12,065,375)
Changes in assets and liabilities:		
Increase in beneficial interest in third-party trusts	(3,175,739)	-
Increase in accrued interest	(169,886)	(37,342)
(Increase) decrease in other assets	(310,134)	2,476
Increase (decrease) in accrued expenses	11,012	(2,456)
Increase (decrease) in assets held for others	<u>391,764</u>	<u>(2,639,772)</u>
Net cash used in operating activities	<u>(5,736,085)</u>	<u>(10,130,560)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances on loans receivable	(17,509,655)	(16,741,046)
Repayments on and sales of loans receivable	19,558,742	18,277,185
Proceeds from sales of investments	70,578,331	115,978,875
Purchases of investments	<u>(69,561,952)</u>	<u>(105,453,593)</u>
Net cash provided by investing activities	<u>3,065,466</u>	<u>12,061,421</u>
Net (decrease) increase in cash	(2,670,619)	1,930,861
Cash, beginning of year	<u>5,556,919</u>	<u>3,626,058</u>
Cash, end of year	<u>\$ 2,886,300</u>	<u>\$ 5,556,919</u>

*The accompanying notes are an integral part of these financial statements.*



## **1. ORGANIZATION**

FJC, a not-for-profit organization, was incorporated in 1995 for the primary purpose of assisting families and individuals by providing total management of their charitable giving, helping them take full advantage of available tax benefits and helping them serve the charitable needs of the community.

FJC's mission is to:

- Increase and maximize the impact of charitable dollars.
- Create innovative and customized philanthropic solutions.
- Respond effectively to the needs and interests of donors, borrowers and other clients.

Funds may be contributed to FJC to establish donor-advised funds. Donor-advised funds are invested in various ways based on donor recommendations. A donor may recommend that grants be made to charitable organizations from funds contributed, although FJC is not obligated to make such grants. Accordingly, such amounts are classified within FJC's unrestricted net assets.

Funds may be contributed to FJC to establish a Fiscal Sponsorship Program. Fiscal sponsors advance the public benefit by facilitating the development and growth of charitable, mission-driven activities. FJC's Fiscal Sponsorship Program assists projects and organizations that have not yet received their 501(c)(3) determination letter from the Internal Revenue Service ("IRS"), and permits sponsored programs to legally solicit and benefit from charitable contributions from individuals and grants from private foundations and other funding institutions.

FJC has ultimate authority over the selection of charities to receive funds as well as the timing and amounts of the distributions. Accordingly, such amounts are classified within FJC's unrestricted net assets. FJC distributes funds contributed, and income earned on these funds to charitable organizations described in Sections 501(c)(3) and 509(a)(1), (2) or (3) of the Internal Revenue Code (the "Sections"). Funds may be distributed to an organization other than as described in these Sections if such organization's mission is in keeping with the charitable purposes of FJC and the organization agrees to: use the grant only in the furtherance of its stated and approved purposes, return any funds not used in this manner and provide an accounting of the use of the funds no later than one year from the date of the grant.

General funds represent unrestricted net assets that are available for charitable use or supporting services of FJC.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Financial Statement Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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FJC's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FJC and changes therein are classified and reported as follows:

Unrestricted Net Assets - consist of funds which are expendable at the discretion of FJC for carrying on daily operations. Donor-advised funds, in which FJC maintains variance power, are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of FJC pursuant to those stipulations. As of and for the year ended March 31, 2017, FJC had no temporarily restricted net assets.

Permanently Restricted Net Assets - include funds, whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity. As of and for the years ended March 31, 2018 and 2017, FJC had no permanently restricted net assets.

**Cash Equivalents**

Cash equivalents are defined as short-term investments held by FJC for operating use with original maturities of three months or less when purchased, except for those cash equivalents which are included in FJC's investment portfolio, which are held for long-term investment purposes.

**Investments**

Investments in publicly traded debt and equity securities are recorded at fair value determined on the basis of quoted market prices. Investments that are not readily marketable are recorded at net asset value ("NAV") per share as a practical expedient to fair value as determined by the respective limited partnership, hedge fund or fund manager. Because such investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. However, the risk to FJC is limited to the amount of FJC's investment in each of the respective funds with respect to its ownership interests.

Investments in certificates of deposit with original maturities greater than three months that are not debt securities and are carried at amortized cost.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned.

**Fair Value Measurements**

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. In fair valuing its investments, FJC uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy used by FJC are described below:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (most reliable and objective valuation).

Level 2 - Financial assets and liabilities whose values are based on the following:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in non-active markets;
- c. Pricing models whose inputs are observable for substantially the full term of the asset or liability;
- d. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability; and pro rata interest in a private or affiliated investment fund.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Investments are classified within the level of the lowest significant input considered in determining the fair value. In evaluating the level at which FJC's investments have been classified, FJC has assessed factors including, but not limited to, price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions such as a gate or lockup period.

### **Concentration of Credit Risk**

Financial instruments which potentially subject FJC to concentrations of credit risk consist of cash and cash equivalents. FJC maintains its cash and cash equivalents in various accounts which, at times, may exceed federally insured limits. FJC believes the credit risk related to these deposits is minimal. FJC also holds interests in uninsured money market funds that are held in accounts at brokerage firms and are reported with investments in the accompanying statement of financial position. The accounts at the brokerage firms are covered by SIPC insurance up to \$500,000.

As of March 31, 2018 and 2017, FJC held accounts totaling approximately \$109,008,488 and \$122,591,000, respectively, with Merrill Lynch, Bank of America Corporation. FJC has other investment accounts with balances above the limit covered by SIPC insurance.

### **Loans Receivable**

FJC's variable rate loans receivable are carried at net realizable value, except for those loans, which originated prior to April 1, 2010, which are carried at fair value.

If necessary, management will provide an allowance for loan losses based on a variety of factors:

- The known financial condition of the borrower;
- Historical collection patterns and comparative aging; and,
- The value of the borrower's interest in the underlying collateral and any other credit enhancements supporting performance, such as guarantees, if applicable, based on management's best estimate of the fair value of the collateral.

Since its inception, any loans that were determined by FJC to be potentially impaired were purchased in full by a private foundation, including principal and all accrued interest. A private foundation has pledged a security interest to FJC in certain securities in a pledged collateral account, with an independent financial institution, that are hypothecated to FJC in the event of default of any loan receivable. This enhances FJC's loan portfolio's credit. The substantial market value of these pledged securities has been sufficient so that management believes that no allowance for loan losses is determined to be necessary.

FJC's management and loan committee review the loans receivable quarterly to determine the existence of any potentially delinquent or impaired loans, appropriateness of non-accrual of interest on such loans, and the necessity of an allowance for loan losses.

#### **Delinquent and Impaired Loans**

Delinquent loans are defined as loans that are 30 days or more past due in payment of principal and/or interest. Impaired loans are those that are 120 days or more past due in payment of principal and/or interest. For impaired loans, FJC determines that it will be unable to collect all amounts due. Assessing the likelihood that a loan will not be paid according to its contractual terms involves the consideration of all relevant facts and circumstances and requires a significant amount of judgment.

For such purposes, factors that are considered include:

- The current performance of the borrower;
- The current economic environment and financial capacity of the borrower to preclude a default;
- The willingness of the borrower to provide the support necessary to preclude a default (including the potential for successful resolution of a potential problem through modification of terms);
- The value of the borrower's interest in the underlying collateral and any other credit enhancements supporting performance, such as guarantees, if applicable, based on management's best estimate of the fair value of collateral.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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In the event that FJC determines a loan to be potentially impaired, FJC will notify the private foundation that pledged securities to satisfy the loan that FJC intends to exercise its rights under the hypothecation agreement.

As of March 31, 2018 and 2017, FJC has no loans that are considered delinquent or impaired.

**Non-accrual Loans**

FJC considers a non-accrual loan as a nonperforming loan that is not generating its stated interest rate due to nonpayment from the borrower. Since FJC retains the ability to call the collateral on the loan or exercise its right under the hypothecation agreement with the private foundation, FJC expects full repayment of principal and interest. Accordingly, as of March 31, 2018 and 2017, FJC has no loans on a non-accrual basis.

**Allowance for Loan Losses**

Management will provide an allowance for loan losses based on consideration of the known financial condition of the responsible party, historical collection patterns and comparative aging. Such allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and if the financial condition of the responsible party changes significantly, FJC will evaluate the recoverability of any loans receivable due from that organization and write-off any amounts that are no longer considered recoverable. As of March 31, 2018 and 2017, no allowance for loan losses was determined to be necessary.

**Beneficial Interest in Third-Party Trusts**

FJC is a beneficiary of a number of irrevocable charitable lead trusts held by third-parties. At the dates in which these charitable trusts were established, contributed revenues and receivables are recognized at the present value of the estimated future benefits to be received by FJC, discounted using an appropriate discount rate. The receivable is adjusted during the term of the trusts for amounts received as well as the change in the present value discount due to the passage of time.

**Fixed Assets**

Furniture and fixtures, equipment, software and leasehold improvements are stated at cost less accumulated depreciation and amortization. Additions and improvements costing more than \$5,000 and with estimated useful lives greater than three years are capitalized. FJC provides for depreciation and amortization of furniture, fixtures, equipment and software on a straight-line basis over the estimated useful lives of the assets ranging from three to ten years. Amortization of leasehold improvements is provided on a straight-line basis over the lesser of the term of the lease or the estimated useful lives of the improvements. Repairs and maintenance that do not improve or extend the life of the respective asset is charged to expense as incurred. As of March 31, 2018 and 2017, FJC has no undepreciated fixed assets.

**Assets Held for Others**

Assets held for others are funds received from not-for-profit organizations, some of which have transferred funds with FJC for the purpose of investing in FJC's agency loan fund, which is available to provide secured interest-bearing loans to charitable organizations. These funds can be redeemed by the participants in accordance with FJC's policies. FJC does not have variance power over the use of these assets.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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**Revenue Recognition**

Contributions and unconditional promises to give are recognized as revenue in the period received. Conditional contributions and promises to give are recorded as revenue when the conditions on which they depend to have been substantially met. Contributions of non-monetary assets are recorded at the estimated fair value of the assets contributed.

**Grants and Program Expenses**

Grants are made to support not-for-profit organizations and charitable needs and are recorded when approved by FJC's grants committee. In addition, grants are made to charitable organizations as recommended by donors in conjunction with donor-advised funds. Certain administrative costs that relate to making grants to philanthropic organizations have been allocated to program expenses on the basis of salaries and other bases as determined by FJC's management to be appropriate.

**Tax-exempt Status**

The IRS has ruled that FJC is a Section 501(c)(3) organization, exempt from federal income tax under Section 501(a). In addition, FJC is organized under the not-for-profit laws of New York State and as such, is exempt from taxes for New York State and City income tax purposes.

**Income Taxes**

FJC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. FJC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

FJC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. FJC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for the year ended March 31, 2018.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Reclassifications**

Certain 2017 financial statement amounts have been reclassified to conform to the 2018 financial statement presentation. Such changes had no effect on total assets, liabilities, revenues, expenses or change in net assets as previously reported.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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**Subsequent Events**

FJC evaluated its March 31, 2018 financial statements for subsequent events through August 22, 2018, the date the financial statements were available to be issued. FJC is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

**3. INVESTMENTS**

The following is a summary of investments at March 31, 2018 and 2017, at fair value:

	<u>2018</u>	<u>2017</u>
Cash equivalents	\$ 20,851,314	\$ 39,967,245
U.S. equities and preferred stock	38,691,223	35,909,796
International equities	3,492,472	3,720,210
U.S. government securities	16,053,539	10,085,046
Corporate and municipal bonds	3,338,948	3,587,193
Mutual funds:		
U.S. equities	53,038,979	44,440,638
International equities	505,276	3,320,010
Fixed income	23,140,527	24,143,324
Alternative investments:		
Hedge funds	25,562,432	19,177,433
Limited partnerships	8,585,202	8,822,653
Private company	100,000	-
Real estate	551,000	640,000
Fixed income note	-	500,000
Certificates of deposit	48,379,243	27,589,905
Redemption receivable	<u>-</u>	<u>316,754</u>
Total investments	<u>\$ 242,290,155</u>	<u>\$ 222,220,207</u>

During fiscal 2016, FJC was the recipient of various shares of stock in a privately held company for which it has no ability to redeem. While reasonable efforts were made, FJC was unable to obtain sufficient information to measure the fair value of such interests as of the date of contribution or its subsequent measurement date (i.e., March 31, 2018 and 2017). Accordingly, FJC has not recorded its interest in the privately held company in the accompanying financial statements.

Investment expenses for the years ended March 31, 2018 and 2017 amounted to approximately \$639,837 and \$606,000, respectively, and are reported within interest and dividends, net, in the accompanying statements of activities and change in net assets.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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FJC invests in certain alternative investments, including investments through funds of funds and limited partnerships. Through these investments, FJC is indirectly involved in investment activities such as securities lending, short sales of securities, options, warrants, trading in futures and forwards contracts, swap contracts and other derivative products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk, FJC's risk with respect to such transactions is limited to its capital balance in each investment.

The following table presents FJC's fair value hierarchy for those investments measured at fair value on a recurring basis at March 31, 2018:

	<b>2018</b>				<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value*</b>	
Cash equivalents	\$ 20,851,314	\$ -	\$ -	\$ -	\$ 20,851,314
U.S. equities and preferred stock	38,691,223	-	-	-	38,691,223
International equities	3,492,472	-	-	-	3,492,472
U.S. government securities	-	16,053,539	-	-	16,053,539
Corporate and municipal bonds	-	3,338,948	-	-	3,338,948
Mutual funds:					
U.S. equities	53,038,979	-	-	-	53,038,979
International equities	505,276	-	-	-	505,276
Fixed income	23,140,527	-	-	-	23,140,527
Alternative investments:					
Hedge funds	-	-	-	25,562,432	25,562,432
Limited partnerships	-	-	-	8,585,202	8,585,202
Private company	-	-	-	100,000	100,000
Real estate	-	-	551,000	-	551,000
	<u>\$ 139,719,791</u>	<u>\$ 19,392,487</u>	<u>\$ 551,000</u>	<u>\$ 34,247,634</u>	<u>193,910,912</u>
Investments not measured at fair value					
Certificates of deposit					<u>48,379,243</u>
Total investments					<u>\$ 242,290,155</u>

\* In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.



**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

The following table presents FJC's fair value hierarchy for those investments measured at fair value on a recurring basis at March 31, 2017:

	2017				Total
	Level 1	Level 2	Level 3	Net Asset Value*	
Cash equivalents	\$ 39,967,245	\$ -	\$ -	\$ -	\$ 39,967,245
U.S. equities and preferred stock	35,909,796	-	-	-	35,909,796
International equities	3,720,210	-	-	-	3,720,210
U.S. government securities	-	10,085,046	-	-	10,085,046
Corporate and municipal bonds	-	3,587,193	-	-	3,587,193
Mutual funds:					
U.S. equities	44,440,638	-	-	-	44,440,638
International equities	3,320,010	-	-	-	3,320,010
Fixed income	24,143,324	-	-	-	24,143,324
Alternative investments:					
Hedge funds	-	-	-	19,177,433	19,177,433
Limited partnerships	-	-	-	8,822,653	8,822,653
Real estate	-	-	640,000	-	640,000
Fixed income note	-	500,000	-	-	500,000
	<u>\$ 151,501,223</u>	<u>\$ 14,172,239</u>	<u>\$ 640,000</u>	<u>\$ 28,000,086</u>	<u>194,313,548</u>
Investments not measured at fair value					
Certificates of deposit					27,589,905
Redemption receivable					316,754
Total investments					<u>\$ 222,220,207</u>

\* In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

A reconciliation of Level 3 investments for the years ended March 31, 2018 and 2017 follows:

	Balance at March 31, 2017	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Transfers In (Out) of Level 3 (a)	Balance at March 31, 2018
Real estate	\$ 640,000	\$ (89,000)	\$ -	\$ -	\$ -	\$ 551,000
	Beginning Balance at March 31, 2016	Realized and Unrealized Loss	Purchases (Including Contributions)	Sales (Including Withdrawals)	Net Transfers In (Out) of Level 3 (a)	Ending Balance at March 31, 2017
Real estate	\$ 960,000	\$ (320,000)	\$ -	\$ -	\$ -	\$ 640,000

(a) FJC's policy is to recognize transfers in and transfers out at the end of the reporting period.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

FJC uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major category:

2018							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$ 25,562,432	12	Subject to the determination of the respective fund managers	N/A	4 funds are monthly with a 10 to 30 days notice, 8 funds are quarterly with a 45 to 90 days notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases
Limited partnerships	Long/short equity and fixed income, event-driven	\$ 8,585,202	3	Subject to the determination of the respective fund managers	N/A	1 fund is quarterly with 90 days notice; 1 fund is quarterly with 60 day notice; 1 fund is monthly with 90 days notice	3 funds have 25% investor level gates
Private company	Privately held foreign companies	\$ 100,000	1	Subject to the determination of the respective fund managers	N/A	None	N/A
2017							
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Absolute return, diversified long/short, event-driven, multi-strategy	\$ 19,077,433	10	Subject to the determination of the respective fund managers	N/A	4 funds are quarterly with 45 to 90 days notice; 5 funds are monthly with 10 to 30 days notice; 1 fund is semi-annual with 90 days notice	1 fund has 25% investor level gates, 1 fund has 12 month lock up on purchases
Limited partnerships	Long/short equity and fixed income, event-driven	\$ 8,822,653	3	Subject to the determination of the respective fund managers	N/A	1 fund is quarterly with 90 days notice; 1 fund is quarterly with 60 days notice; 1 fund is monthly with 90 days notice	3 funds have 25% investor level gates

**4. LOANS RECEIVABLE**

Loans receivable consist of interest-bearing loans to charitable organizations, at a variable interest rate, generally prime plus 3% (7.75% at March 31, 2018 and 7.00% at March 31, 2017), with varying maturities through December 2020. The loans are secured in whole or in part by assets of the borrowers. Certain loans receivable are also supported by personal guarantees on behalf of the borrowers.

A private foundation has pledged to FJC a security interest in treasuries, insured certificates of deposit and a money market fund (with fair values of approximately \$30,745,447 and \$30,373,000 at March 31, 2018 and 2017, respectively), to be used as collateral for the repayment of principal amounts in the event of default of any of the loans receivable. This amount is not recorded in the accompanying financial statements. This agreement remains in effect until October 1, 2019 and is renewable by mutual consent.

**FJC**  
**Notes to Financial Statements**  
**March 31, 2018 and 2017**

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There were no loans purchased by the private foundation during fiscal 2017 and 2018. In addition, a member of the private foundation's Board of Directors is an officer of FJC.

Until March 31, 2010, FJC had elected to apply the fair value option of accounting to loans receivable existing at the time of adoption or at the time FJC first recognizes the eligible instrument. As permitted under US GAAP, the fair value option may be elected on an instrument-by-instrument basis without electing it for other identical items. Accordingly, FJC no longer applies the fair value option of accounting to loans receivable subsequent to April 1, 2010. As of March 31, 2018 and 2017, the fair value of loans receivable was \$200,000, and the carrying value of loans receivable for which the fair value option was not elected was \$34,787,599 and \$36,836,686, respectively.

A roll forward of loans receivable, at fair value, classified by FJC in Level 3 of the valuation hierarchy as of March 31, 2018 and 2017 follows:

<b>Fair value at March 31, 2017</b>	\$ 200,000
Repayments on loans receivable and modification of loan terms	<u>-</u>
<b>Fair value at March 31, 2018</b>	<u>\$ 200,000</u>
<b>Fair value at March 31, 2016</b>	\$ 200,000
Repayments on loans receivable and modification of loan terms	<u>-</u>
<b>Fair value at March 31, 2017</b>	<u>\$ 200,000</u>

**5. BENEFICIAL INTEREST IN THIRD-PARTY TRUSTS**

During fiscal 2018, FJC was named as a beneficiary to irrevocable charitable lead trusts for which a pre-established payment stream was determined by the gift instrument. The present value of the related interest, using a discount factor of 3.26%, was estimated to be \$3,175,739 as of March 31, 2018. This beneficial interest in third-party trusts is reflected as temporarily restricted net assets on the statement of financial position. Such assets represent FJC's only temporarily restricted net assets at March 31, 2018.

**6. COMMITMENTS**

In April 2013, FJC extended the original lease agreement with the landlord until September 30, 2020. The lease calls for initial annual payment of \$84,100, with annual escalations in minimum rent charged of 2%.

Future minimum annual rental obligations due under this lease are as follows:

<b>Year ending March 31,</b>	<b>Amount</b>
2019	\$ 91,943
2020	93,782
2021	47,355

Rent expense totaled approximately \$90,140 and \$88,000 for the years ended March 31, 2018 and 2017, respectively.

## **SUPPLEMENTARY INFORMATION**

**FJC**  
**Schedule of Functional Expenses**  
**For the year ended March 31, 2018**

	Program Services			Supporting Services			Total
	Grants Made to Philanthropic Organizations	Program Expenses	Total	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ -	\$ 542,709	\$ 542,709	\$ 421,328	\$ 12,233	\$ 433,561	\$ 976,270
Employee benefits	-	86,079	86,079	66,827	1,940	68,767	154,846
Payroll taxes	-	35,968	35,968	27,924	811	28,735	64,703
Grants	35,457,159	-	35,457,159	-	-	-	35,457,159
Professional fees	-	265,828	265,828	90,966	1,903	92,869	358,697
Pension plan contribution	-	11,497	11,497	8,925	259	9,184	20,681
Advertising, promotion and public relations	-	-	-	-	1,141	1,141	1,141
Office rent, utilities and internet	-	93,269	93,269	24,872	6,218	31,090	124,359
Computer license and support	-	128,330	128,330	14,259	-	14,259	142,589
Insurance	-	12,613	12,613	19,483	695	20,178	32,791
Postage	-	7,784	7,784	-	-	-	7,784
Equipment rental and maintenance	-	7,276	7,276	1,940	485	2,425	9,701
Staff development, travel and hospitality	-	8,491	8,491	2,018	505	2,523	11,014
Subscription and membership fees	-	4,440	4,440	1,184	296	1,480	5,920
Miscellaneous expenses	-	19,716	19,716	9,910	891	10,801	30,517
	<u>\$ 35,457,159</u>	<u>\$ 1,224,000</u>	<u>\$ 36,681,159</u>	<u>\$ 689,636</u>	<u>\$ 27,377</u>	<u>\$ 717,013</u>	<u>\$ 37,398,172</u>

**FJC**  
**Schedule of Financial Position for Agency Loan Funds**  
**As of March 31, 2018**

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ASSETS	
Investments	\$ 30,551,955
Loans receivable	26,181,202
Accrued interest	<u>368,886</u>
Total assets	<u>57,102,043</u>
Net assets	<u>\$ 57,102,043</u>

**FJC**  
**Schedule of Activities for Agency Loan Funds**  
**For the year ended March 31, 2018**

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ADDITIONS

Agency loan fund earnings	\$ 2,333,977
Other additions	<u>22,620,477</u>
Total additions	<u>24,954,454</u>

DEDUCTIONS

Credit enhancement fund	(157,576)
Other deductions	<u>22,647,629</u>
Total deductions	<u>22,490,053</u>

Net change 2,464,401

Agency loan funds, beginning of year 54,637,642

Agency loan funds, end of year \$ 57,102,043