JEWS FOR JESUS

FINANCIAL STATEMENTS

Year Ended December 31, 2016

JEWS FOR JESUS

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EAC | Eckhoff and Company
CPAs and Advisors

Independent Auditors' Report

To the Board of Directors of
Jews for Jesus

We have audited the accompanying financial statements of Jews for Jesus, which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and cash flows for the year 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.

Auditors' Responsibility

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jews for Jesus as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Jews for Jesus's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eckhoff and Company

San Rafael, California
June 14, 2017

JEWS FOR JESUS

Statement of Financial Position
December 31, 2016
(With Comparative Amounts for 2015)

Assets

		2016		2015
Assets:				
Cash	$	3,420,672	$	2,852,070
Gift annuity cash		229,136		181,318
Marketable securities		12,007,902		12,118,806
Inventories		193,968		240,789
Prepaid expenses		4,563		32,954
Deposits - operating		4,100		4,100
Notes receivable		17,910		17,935
Bequests receivable		16,156		10,000
Other investments		263,500		263,500
Gift annuity investments		1,456,410		1,357,752
Property and equipment, net		6,542,937		6,833,502
Total Assets	$	24,157,254	$	23,912,726

Liabilities and Net Assets

		2016		2015
Liabilities:				
Accounts payable and accrued expenses	$	948,900	$	878,510
Capital lease obligations		155,489		153,503
Deferred compensation obligations:				
Key employees		301,919		237,298
New York staff		148,840		110,107
Foreign affiliates		544,145		409,534
Gift annuity obligations		1,515,321		1,412,133
Total Liabilities		3,614,614		3,201,085
Net Assets:				
Unrestricted:				
Undesignated and designated		13,700,182		13,700,544
Property and equipment		6,542,937		6,833,502
		20,243,119		20,534,046
Temporarily restricted		299,521		177,595
Total Net Assets		20,542,640		20,711,641
Total Liabilities and Net Assets	$	24,157,254	$	23,912,726

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

JEWS FOR JESUS

Statement of Activities
Year Ended December 31, 2016
(With Summarized Financial Information for 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Support and Revenue:				
Support:				
Individual support	$ 20,126,914	$ 173,419	$ 20,300,333	$ 19,130,791
Congregational support	1,163,030	-	1,163,030	1,121,750
Congregational offerings	772,743	-	772,743	878,296
Foundation grants	126,500	-	126,500	150,500
Total Support	22,189,187	173,419	22,362,606	21,281,337
Revenue, gains, and other support:				
Merchandise sales	335,106	-	335,106	392,145
Event registration	103,929	-	103,929	130,434
Other	548,630	-	548,630	596,918
Changes in gift annuity obligations	-	(137,241)	(137,241)	(33,913)
Gain on sale of property and equipment	9,547	-	9,547	4,764,516
Total Revenue, Gains and Other Support	997,212	(137,241)	859,971	5,850,100
Net Assets Released From Restrictions	11,451	(11,451)	-	-
Total Support and Revenue	23,197,850	24,727	23,222,577	27,131,437
Expenses:				
Program activities:				
Evangelism and other direct activities	18,626,537	-	18,626,537	18,393,826
Supporting activities:				
General administration	3,050,489	-	3,050,489	2,918,534
Fund raising	2,549,611	-	2,549,611	2,090,509
	5,600,100	-	5,600,100	5,009,043
Total Expenses	24,226,637	-	24,226,637	23,402,869
Change in Net Assets Before Gain (Loss) From Investments	(1,028,787)	24,727	(1,004,060)	3,728,568
Net gain (loss) from investments	754,620	80,439	835,059	(354,720)
Change in Net Assets	(274,167)	105,166	(169,001)	3,373,848
Beginning Net Assets, as originally stated	20,073,172	638,469	20,711,641	17,337,793
Retrospective Adjustment (Note 15)	460,874	(460,874)	-	-
Beginning Net Assets, as restated	20,534,046	177,595	20,711,641	-
Reclassification of Net Assets (Note 8)	(16,760)	16,760	-	-
Ending Net Assets	$ 20,243,119	$ 299,521	$ 20,542,640	$ 20,711,641

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

JEWS FOR JESUS

Statement of Cash Flows
Year Ended December 31, 2016
(With Comparative Amounts for 2015)

	2016	2015
Cash Flows From Operating Activities:		
Cash received from donors	$ 22,065,885	$ 20,748,553
Cash from sales and registrations	439,020	521,346
Cash paid to suppliers and employees	(23,380,103)	(22,313,076)
Interest and dividends received	229,691	151,826
Interest paid	(8,859)	(5,676)
Cash received from affiliates	376,509	424,598
Other cash received	172,120	172,320
Net Cash Used by Operating Activities	(105,737)	(300,109)
Cash Flows From Investing Activities:		
Purchases of investments	(3,630,375)	(15,091,672)
Proceeds from sales of investments	4,476,387	9,331,378
Acquisition of property and equipment	(160,305)	(66,903)
Proceeds from sales of property and equipment	9,547	5,251,260
Collections on notes receivable	25	2,132
Net Cash Provided (Used) by Investing Activities	695,279	(573,805)
Cash Flows From Financing Activities:		
Payments on margin loan	-	(1,029,313)
Proceeds from contributors restricted for gift annuity agreements	215,000	145,000
Payments on capital lease obligations	(53,203)	(62,332)
Payments to annuitants	(165,722)	(160,341)
Restricted trust earnings, net	30,803	14,584
Net Cash Provided (Used) by Financing Activities	26,878	(1,092,402)
Net Increase (Decrease) in Cash	616,420	(1,966,316)
Cash at Beginning of Year	3,033,388	4,999,704
Cash at End of Year	$ 3,649,808	$ 3,033,388

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

JEWS FOR JESUS

Statement of Cash Flows (Continued)
Year Ended December 31, 2016
(With Comparative Amounts for 2015)

		2016		2015
Reconciliation of Change in Net Assets to Cash Used by Operating Activities:				
Change in net assets	$	(169,001)	$	3,373,848
Adjustments to reconcile change in net assets to cash provided by operations:				
Net realized and unrealized investment (gains) losses		(626,528)		481,364
Restricted trust gains, net		(30,803)		(14,584)
In-kind gifts		(207,238)		(516,267)
Contributions temporarily restricted for gift annuity agreements		(83,331)		(44,133)
Actuarial adjustment to annuity obligation		(28,481)		(126,428)
Earnings distributed to annuitants		165,722		160,341
Depreciation		506,060		602,972
Selling expenses on sale of assets		-		(12,821)
Gain on sale of property		(9,547)		(4,764,516)
Write off of uncollectible note receivable		-		40,876
Decrease (increase) in inventory		46,821		159,041
Decrease (increase) in prepaid expenses		28,388		(20,955)
Decrease (increase) in bequests receivable		(6,156)		27,691
Increase (decrease) in accounts payable and accrued expenses		70,391		263,815
Increase (decrease) in custodial trusts and retirement plans		237,966		89,647
Net Cash Used by Operating Activities	$	(105,737)	$	(300,109)

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

Note 1 - Operations:

Jews for Jesus (the "Ministry," a California nonprofit corporation) was incorporated under the laws of the State of California on September 17, 1973, as a nonprofit corporation and subsequently received its federal exempt corporation status letter. The Ministry is primarily supported by individual contributions. The Ministry designates this support to mission projects, missionary activities, and general evangelism.

The Ministry preaches the gospel of the Lord Jesus Christ and promotes religious ideals consistent with the Old Testament and the New Testament. The Ministry's mission statement is as follows:

> "We exist to make the messiahship of Jesus an unavoidable issue to our Jewish people worldwide."

Additional Jews for Jesus nonprofit corporations or operations have been established in Australia, Canada, United Kingdom, France, Germany, Hungary, Israel, Russia, Ukraine, South Africa, and Switzerland.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of Jews for Jesus have been prepared using the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation:

The Ministry reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include undesignated net assets, designated net assets, and property and equipment net assets. Designated net assets represent amounts designated by the Ministry for specific purposes. These specific purposes vary but are generally for missionary activity. Property and equipment net assets represent the carrying value of property and equipment.

The financial statements of the Ministry include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ministry's financial statements for the year ended December 31, 2015, from which the summarized information was derived. Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Use of Estimates:

The preparation of the Ministry's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash:

For purposes of the statement of cash flows, cash includes cash in banks and money market mutual fund accounts.

Concentrations of Risk:

In addition to concentrations of risk from marketable securities and notes receivable (which are described by Notes 3 and 4, respectively), the Ministry maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC).

Financial Instruments:

The following methods and significant assumptions were used to estimate the fair values of financial assets and financial liabilities:

a. Assets for which carrying amounts approximate fair values include cash, bequests receivable, and certain other assets that mature within 90 days.

b. For investment securities for which it was practicable to determine fair value, fair value is based either on exchange-traded prices or broker-dealer quotations for the same or similar securities.

c. For accounts payable and accrued expenses, fair value approximates carrying value due to the relatively short period of time between their origination and expected realization.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Fair Value Measurements:

The Ministry has not elected to apply the fair value option of reporting and disclosing the fair value of financial instruments as allowed by the *Financial Instruments* topic of the FASB Accounting Standards Codification (FASB ASC) No. 825-10. However, to the extent that certain assets are reported at fair value, generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Ministry has the ability to access. As of December 31, 2016, these assets include corporate bonds, mutual funds, exchange-traded products, and equity securities.

Level 2. These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

As of December 31, 2016, these assets include state municipal bonds, and real estate investment trusts.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2016, the works of art are considered Level 3 assets.

Inventories:

Inventories are valued at the lower of cost determined by the first-in, first-out method, or market.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Property and Equipment:

Assets are valued at cost, or fair market value if donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Contributions:

Revenue and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support and revenue depending on the existence and/or nature of any donor restrictions. As of December 31, 2016, the Ministry has not received any permanently restricted support.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Year-end donor contributions are recorded in the month received.

Functional Allocation of Expenses:

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Costs have been allocated among the program and supporting services benefited according to the following criteria:

Evangelism and Other Direct Ministry - Expenses incurred for the performance of evangelistic and other direct ministry outreaches, including costs directly related to branch offices, production of evangelistic literatures, materials, and training of both staff and non-staff personnel for the gospel ministry.

General Administration - Expenses which are not identifiable with program or fund raising activities.

Fund Raising - Expenses incurred to encourage others to contribute to the financial support of Jews for Jesus.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Advertising:

The Ministry expenses advertising costs as incurred. For the years ended December 31, 2016 and 2015, advertising expense was $82,302 and $47,471, respectively.

Shipping and Handling:

Shipping costs are allocated among the various functional expense categories according to the same criteria described above.

Sales Tax:

The Ministry presents sales taxes collected and remitted on a net basis (excluded from revenue). Sales tax collected from customers is classified as an accrued liability until it is remitted to taxing authorities.

Other Matters:

Jews for Jesus is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. In accordance with accounting principles generally accepted in the United States of America, the Ministry accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. The Ministry is exempt from annual exempt organization filing requirements. As of December 31, 2016, the Ministry has made no changes in the purpose, character or method of operations, and therefore there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 3 - Investments and Fair Value:

The Ministry's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. See Note 2 for a discussion of the Ministry's accounting policies.

Description	Total	Level 1	Level 2	Level 3
Assets Measured at Fair Value on a Recurring Basis:				
Bonds	$ 764,643	$ 764,643	$ -	$ -
Mutual funds	3,586,830	3,586,830	-	-
Exchange traded funds (ETF)	3,062,839	3,062,839	-	-
Marketable equity securities	4,460,986	4,460,986	-	-
Real estate investment trusts (REIT)	132,604	-	132,604	
Gift Annuities: equities	406,627	406,627	-	-
Gift Annuities: mutual funds	301,535	301,535	-	-
Gift Annuities: ETF	323,440	323,440	-	-
Gift Annuities: municipal bonds	412,291	-	412,291	-
Gift Annuities: REIT	12,517	-	12,517	
	$ 13,464,312	$ 12,906,900	$ 557,412	$ -
Assets Measured at Fair Value on a Nonrecurring Basis:				
Other investments	$ 263,500	$ -	$ -	$ 263,500

Other investments consist of works of art that were donated in-kind to the Ministry and do not have a ready and determinable market. Their value is determined by management through independent appraisal periodically at management's discretion. There were no changes to the fair value measurements of Level 3 assets during the year ended December 31, 2016.

As of December 31, 2016, fixed income securities consist of corporate bonds. Marketable securities consist of available-for-sale equity securities and exchange traded funds. Gift annuity investments consist of marketable securities, corporate bonds, and state municipal bonds. Costs related to fixed income, marketable securities, and gift annuity investments are as follows:

Cost	$ 12,947,319
Unrealized gains	516,993
Fair value	$ 13,464,312

Note 3 - Investments and Fair Value: (Continued)

Unrestricted net gains (losses) from securities, cash, and notes receivable for the years ended December 31, consist of the following:

	2016	2015
Dividends and interest from marketable securities	$ 229,433	$ 150,580
Less: Investment fees	(51,965)	(39,765)
Net realized and unrealized gains (losses) from marketable securities	576,895	(421,715)
Interest from banks and notes receivable	257	1,246
	$ 754,620	$ (309,654)

As of December 31, 2016, equity securities include the following concentrations:

Industry:	
Consumer discretionary	14%
Consumer staples	7%
Energy	5%
Financial services	16%
Health care	21%
Industrials	8%
Materials	2%
Technology	26%
Utilities	1%
	100%

Note 4 - Notes Receivable:

Following is a summary of notes receivable and the related concentrations of credit risk at December 31:

		2016		2015
Unsecured student loans	$	37,910	$	37,935
Allowance for potentially uncollectible balances		(20,000)		(20,000)
	$	17,910	$	17,935

Note 5 - Gift Annuity Investments and Obligation:

The Ministry is the trustee and remainder beneficiary of gift annuity agreements under which assets are contributed to the Ministry, the Ministry incurs an obligation to pay stipulated amounts periodically to the contributor (annuitant), and amounts in excess of this obligation are conveyed to the Ministry for unrestricted purposes. The obligation is determined on an actuarial basis and is shown as gift annuity obligations in the accompanying statement of financial position. State laws require the Ministry to restrict and maintain a minimum reserve as collateral for these agreements. Additionally, California limits how the assets may be invested and prohibits commingling with other assets of the Ministry. Accordingly, assets received under these contracts are placed in two separate investment accounts, one for California based contracts and one for all other contracts. Likewise the reserve liability is separately calculated for California.

The reserve obligations are calculated as the present value of the future stream of payments to all annuitants under generally accepted accounting principles using the discount rates specified by the Internal Revenue Service for each gift. As of December 31, 2016, the reserve requirements for California and non-California agreements are $164,498 and $1,350,823, respectively. The total reserve obligation of $1,515,321 is reported on the statement of financial position. The Ministry segregates restricted assets equal to 115% of the calculated annuity reserve for non-California agreements, plus a 10% surplus, based on instrument performance, actuarial adjustments, investment agent performance, and using the most stringent of state calculation methods; approximately $1,513,300 in total.

Note 5 - Gift Annuity Investments and Obligation: (Continued)

In order to comply with various state requirements, the Ministry transferred $16,760 into the temporarily restricted investments (See Note 8). The contribution portion of each gift annuity agreement is recognized as temporarily restricted support in the year received. Net earnings (losses) from the investments are recorded as temporarily restricted returns on investments. The investment income portion of payments to annuitants, as well as adjustments resulting from changes in actuarial assumptions and termination agreements, are reported on the accompanying statement of activities. During the year ended December 31, 2016, the total increase in liability from new annuity contracts was $131,669, and the total decrease in liability from payments to annuitants and terminations was $28,481.

Gift annuity earnings and expenses from investments consist of the following for the years ended December 31:

	2016	2015
Dividends and interest	$ 37,734	$ 19,433
Investment fees	(6,931)	(4,849)
Net realized and unrealized gains (losses)	49,636	(59,650)
	$ 80,439	$ (45,066)

Note 6 - Property and Equipment:

A summary of land, buildings and equipment follows at December 31:

	2016	2015
Land	$ 2,313,242	$ 2,313,242
Buildings	8,588,664	8,588,664
Building improvements	2,868,913	2,833,724
Leasehold improvements	22,068	22,068
Furniture and equipment	2,612,416	2,432,110
Vehicles	133,747	150,977
	16,539,050	16,340,785
Accumulated depreciation	(9,996,113)	(9,507,283)
	$ 6,542,937	$ 6,833,502

Total depreciation expense for 2016 and 2015 was $506,060 and $602,972, respectively.

Note 6 - Property and Equipment: (Continued)

In 2015, the property at 84 Page Street, San Francisco, California was sold. The property had a cost of $1,497,526 and accumulated depreciation of $1,026,535. Proceeds from the sale of this property, net of closing expenses, amounted to $5,204,514. The gain from the sale of this property amounted to $4,733,524 and is recorded in the statement of activities.

Note 7 - Capital Lease Commitments:

The Ministry is the lessee of computer equipment under capital leases expiring in various years through 2020. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The assets are depreciated over three to five years (the length of the lease terms). Depreciation of assets under capital leases is included in depreciation expense for 2016. As of December 31, 2016, the cost and related accumulated depreciation of assets under capital leases are approximately $279,500 and $123,900, respectively. The cost is included with furniture and equipment as disclosed in Note 6.

Interest expense related to the capital lease commitments totaled $8,859 for the year ended December 31, 2016, all of which was charged to general and administrative expense.

Minimum future lease payments under capital leases as of December 31, 2016 for each of the next five years and in the aggregate are:

Year Ended December 31,		
2017	$	64,986
2018		51,793
2019		33,566
2020		18,944
Total minimum lease payments		169,289
Less: Amount representing interest		(13,800)
Present value of minimum lease payments	$	155,489

Note 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are restricted for specific purposes or until specific events occur. Net assets are released from restrictions when specific amounts are expended or time restrictions are met.

The following schedule summarizes net assets released during 2016 and net assets temporarily restricted at December 31, 2016:

	Net Assets Released	Net Assets Temporarily Restricted
Mobile evangelism	$ -	$ 12,599
Media campaigns		51,697
Summer campaign	11,451	
Security assessment		65,000
Total Purpose Restrictions	11,451	129,296
Gift annuity agreements		170,225
Total	$ 11,451	$ 299,521

The release of gift annuity investments represents transfers of assets in excess of actuarial reserves. As of December 31, 2015, the gift annuity assets were insufficient to comply with various state regulations. In order to cure these deficiencies, and satisfy legal requirements, during 2015, $245,000 was transferred from marketable securities to gift annuities investment accounts temporarily restricted for these gift annuity agreements. This transfer was reflected on the 2015 statement of activities as a reclassification of net assets. During 2016, the Ministry made a similar transfer for $16,670 (See Note 5).

Note 9 - Deferred Compensation Obligations and Retirement Plans:

The Ministry has a defined contribution church retirement plan pursuant to IRS Section 401(k) (the Jews for Jesus Plan) that covers employees with a minimum of one year full-time employment. Full-time employment is defined as 1,000 hours of work during a calendar year. The plan provides for Ministry contributions of 3% of eligible wages (the safe harbor amount). The plan permits the Ministry to make additional contributions to the plan (discretionary amounts). Contributions are based on a participating employee's eligible compensation. Vesting occurs gradually with 100 percent vesting after six years employment. The Ministry contributed (net of forfeitures) $1,761,755 and $715,649 to this plan for 2016 and 2015, respectively. The plan was amended to allow eligible participants to make salary deferral contributions to the plan.

In early 2016, the Ministry's Board of Directors voted to approve $1,000,000 of the proceeds from the sale of the property at 84 Page Street (See Note 6), to be used for supplemental funding of the retirement plans. The Ministry contributed $934,094 to the IRS Section 401(k) plan and $65,906 was contributed to the deferred compensation fund for employees serving in foreign entities with which the Ministry is associated. These amounts are included in the $1,761,755 above.

The Ministry has established deferred compensation plans to provide benefits for senior staff upon retirement, and general staff located in New York, upon meeting certain criteria. With respect to these plans, as of December 31, 2016 and 2015, assets of $301,919 and $237,298, respectively, are included in marketable securities and in deferred compensation obligations in the statement of financial position. These assets are subject to the claims of the Ministry's creditors in the event of insolvency.

The Ministry has established a deferred compensation fund for employees serving in foreign entities with which the Ministry is associated. The employees are not employed by the Ministry, and the Ministry is not obligated to pay these benefits. With respect to this fund, as of December 31, 2016 and 2015, assets of $692,985 and $519,641, respectively, are included in marketable securities and in deferred compensation obligations in the statement of financial position.

Note 10 - Employee Health Insurance:

The Ministry is responsible for health care costs for the first $100,000 per covered individual per year. Monthly contributions are paid into the plan to pay for the plan's costs, which include health care costs, the plan's administration costs, and the reinsurance premiums. Reinsurance coverage is purchased for costs above $100,000 per individual per year, without limit. The plan had plan assets in excess of obligations of approximately $12,000 as of December 31, 2016. The plan had plan assets in excess of obligations of approximately $279,000 as of December 31, 2015.

Note 11 - Related Party Transactions:

The Ministry made contributions to foreign nonprofit corporations or operations for the expansion of those ministries as follows:

	2016	2015
Jews for Jesus - Brazil	$ -	$ 393,000
Jews for Jesus - Canada	$ -	$ 105,200
Jews for Jesus - United Kingdom	$ 8,000	$ 1,300
Jews for Jesus - France	$ 171,300	$ 144,600
Jews for Jesus - Germany	$ 19,200	$ 5,000
Jews for Jesus - Hungary	$ 24,600	$ 36,100
Jews for Jesus - Israel	$ 3,000,400	$ 3,077,000
Jews for Jesus - Russia, Ukraine	$ 679,400	$ 572,100
Jews for Jesus - South Africa	$ 3,100	$ 2,100
Jews for Jesus - Switzerland	$ 27,800	$ 25,500

The Ministry rented office space from its chief executive officer in 2016 and 2015 for $12,000 per year.

Note 12 - Supplemental Cash Flow Information:

The Ministry had the following non-cash investing and financing transactions during the years ended December 31, 2016 and 2015:

	2016	2015
Received unrestricted investments in-kind	$ 207,238	$ 516,267
Financed equipment purchase with capital lease	$ 55,190	$ 164,271
Uncollectible note receivable written off	$ -	$ 40,876

Note 13 - Subsequent Events:

The Ministry evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Management has determined that there were no events that occurred that require additional disclosure. Subsequent events have been evaluated through June 14, 2017, which is the date the financial statements were available to be issued.

Note 14 - Endowment:

The Ministry's endowment consists entirely of board-designated funds. In accordance with generally accepted accounting principles, net assets associated with these endowment funds are classified and reported as unrestricted net assets. As a matter of policy, the Board designates donations from bequests to this endowment fund. Accordingly, the endowment fund, as of December 31, 2016, includes all promises to give from estates. From time to time, the Board designates assets of the Ministry for particular board designated activities such as emergency reserve funds and loan funds.

The Ministry's investment objectives are to preserve and protect the Ministry's assets as well as maintain the liquidity to meet the obligations arising from unanticipated circumstances by earning an appropriate return on the investment assets.

Investments are diversified between various funding vehicles and approved by the Investment Subcommittee of the Audit Finance Investment Committee.

It is the responsibility of the Investment Subcommittee to see that funds maximize a return within the parameters of reasonable, prudent and safe investment practices. The Ministry seeks to ensure that all ministry investment portfolios are managed in compliance with governing laws and the prudent investor standard.

As a general policy, the investments are selected to ensure that they do not include companies whose lines of business openly conflict with Christian values. It is the Ministry's intent to avoid investments in companies that promote alcohol for consumption, tobacco, abortion on demand or pornography.

Note 14 - Endowment: (Continued)

Changes in board-designated endowment net assets were as follows for the years ended December 31:

	2016	2015
Endowment net assets, beginning of year	$ 6,693,083	$ 8,099,021
Investment return:		
Investment income	123,680	104,338
Net realized and unrealized appreciation (depreciation)	317,333	(325,848)
Investment fees	(26,652)	(28,460)
Net investment return	414,361	(249,970)
Repayment of margin loan	-	(917,096)
Earnings allocated to operations	(1,294,772)	(914,807)
Gift annuity assets transferred out	(16,760)	(245,000)
Transfers to board-designated endowment funds	2,182,294	920,935
Endowment net assets, end of year	$ 7,978,206	$ 6,693,083

Note 15 - Retrospective Change in Accounting Principle:

On January 1, 2016, the Ministry elected to change its method of accounting for the release of temporarily restricted funds, to apply indirect costs as well as direct costs, whereas in prior years only direct costs were applied to release revenue received with restrictions. The new method of applying costs to restricted funds was adopted because management believes it more accurately reflects expenditures incurred in connection with temporarily restricted revenue received. The prior year net assets have been adjusted to apply the new method retrospectively. Beginning unrestricted net assets were increased by $460,874 and a corresponding decrease was made to beginning temporarily restricted net assets on the statement of activities.