

**BNAI ZION FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

Bnai Zion Foundation, Inc.

Financial Statements

For the Years Ended December 31, 2016 and 2015

Table of Contents

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Supplementary Information	
Statement of Functional Expenses for the Year Ended December 31, 2016	6
Statement of Functional Expenses for the Year Ended December 31, 2015	7
Schedules of Revenue for Public Support	8
Schedules of Project Expenses	9
Notes to Financial Statements	10-17



VISION FINANCIAL GROUP CPAs LLP

ACCOUNTANTS & CONSULTANTS

1131 Campus Drive West · Morganville, New Jersey 07751

Phone (732) 536-5595 · Fax (732) 536-5592 · Web: www.vfgcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Bnai Zion Foundation, Inc.

We have audited the accompanying financial statements of Bnai Zion Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 the 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 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 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 Bnai Zion Foundation, Inc. of December 31, 2016 and 2015, 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.

Report on Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on pages 6-9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vision Financial Group CPAs LLP

Morganville, NJ

April 25, 2017

BNAI ZION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

	<u>2016</u>			<u>2015</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
ASSETS						
Cash and Cash Equivalents	\$ 662,375	\$ 10,862	\$ 673,237	\$ 96,817	\$ 31,871	\$ 128,688
Short Term Investments	11,722,436	187,534	11,909,970	11,206,003	102,632	11,308,635
Long Term Investment			-			
Israel Bond	74,760	22,740	97,500	74,760	22,740	97,500
Oil Lease	8,541	-	8,541	8,541	-	8,541
Investments Held for Others	35,000	-	35,000	-	74,000	74,000
Promises to Give	253,666	1,676,206	1,929,872	106,666	2,640,000	2,746,666
Real Estate - Condo	-	-	-	12,000	-	12,000
Segregated Gift Annuity	-	2,501,543	2,501,543	-	3,313,815	3,313,815
Property and Equipment, net	5,319	-	5,319	4,774	-	4,774
Due from (To) Restricted Fund	1,508,131	(1,508,131)	-	2,532,367	(2,532,367)	-
Security Deposits	910	-	910	910	-	910
Miscellaneous Receivables	-	20	20	14,940	20	14,960
TOTAL ASSETS	<u>\$ 14,271,138</u>	<u>\$ 2,890,774</u>	<u>\$ 17,161,912</u>	<u>\$ 14,057,778</u>	<u>\$ 3,652,711</u>	<u>\$ 17,710,489</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable	\$ 22,245	\$ -	\$ 22,245	\$ 20,096	\$ -	\$ 20,096
Health Insurance Deposit Payable	235	-	235	2,879	-	2,879
Gift Annuity Liability	-	2,159,328	2,159,328	-	2,809,385	2,809,385
Zeller Family Fund Held for Others	-	74,000	74,000	-	74,000	74,000
Loans Payable	-	-	-	450	-	450
TOTAL LIABILITIES	<u>22,480</u>	<u>2,233,328</u>	<u>2,255,808</u>	<u>23,425</u>	<u>2,883,385</u>	<u>2,906,810</u>
NET ASSETS	<u>14,248,658</u>	<u>657,446</u>	<u>14,906,104</u>	<u>14,034,353</u>	<u>769,326</u>	<u>14,803,679</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,271,138</u>	<u>\$ 2,890,774</u>	<u>\$ 17,161,912</u>	<u>\$ 14,057,778</u>	<u>\$ 3,652,711</u>	<u>\$ 17,710,489</u>

See Notes to Financial Statements

BNAI ZION FOUNDATION, INC.
STATEMENT OF ACTIVITIES
AS OF DECEMBER 31,

	<u>2016</u>			<u>2015</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE						
General Contributions	\$ 1,709,374	\$ 555,039	\$ 2,264,413	\$ 541,270	\$ -	\$ 541,270
Contributions for Israel Projects (Sch A)	-	1,743,662	1,743,662	-	3,155,574	3,155,574
Roth Fund	-	-	-	-	60,000	60,000
Membership Dues Income	20,574	-	20,574	31,139	-	31,139
Net Investment Income	-	26,288	26,288	-	164,630	164,630
Annuity Contributions	-	115,000	115,000	-	120,000	120,000
Net Assets Released From Restriction	2,841,122	(2,841,122)	-	3,245,576	(3,245,576)	-
TOTAL SUPPORT AND REVENUE	4,571,070	(401,133)	4,169,937	3,817,985	254,628	4,072,613
EXPENSES						
Projects and Programs	3,870,406	-	3,870,406	3,283,628	-	3,283,628
Fundraising	365,653	-	365,653	409,200	-	409,200
Administrative and Operating	374,140	-	374,140	568,533	-	568,533
	4,610,199	-	4,610,199	4,261,361	-	4,261,361
Annuity Distribution	564,181	-	564,181	502,169	-	502,169
Charitable Contribution to Others	-	-	-	233,896	-	233,896
Roth Distribution	83,336	-	83,336	-	-	-
Miscellaneous	20,385	-	20,385	25,372	-	25,372
TOTAL EXPENSES	5,278,101	-	5,278,101	5,022,798	-	5,022,798
CHANGE IN NET ASSETS BEFORE OTHER REVENUE (EXPENSES)	(707,031)	(401,133)	(1,108,164)	(1,204,813)	254,628	(950,185)
OTHER REVENUE (EXPENSES)						
Mortgage Interest	-	-	-	(409,353)	-	(409,353)
Gain on Sale of Building	8,368	-	8,368	13,826,944	-	13,826,944
Interest Income	29,266	-	29,266	9,273	-	9,273
Net Unrealized Gains (Losses)	(131,970)	189,196	57,226	(36,577)	(161,408)	(197,985)
Net Realized Gains	1,020,776	-	1,020,776	-	1,001	1,001
Depreciation and Amortization	(5,104)	-	(5,104)	(8,079)	-	(8,079)
Gift Annuity Reserve	-	100,057	100,057	-	96,627	96,627
TOTAL OTHER REVENUE (EXPENSES)	921,336	289,253	1,210,589	13,382,208	(63,780)	13,318,428
CHANGE IN NET ASSETS	214,305	(111,880)	102,425	12,177,395	190,848	12,368,243
NET ASSETS AT BEGINNING OF YEAR	14,034,353	769,326	14,803,679	1,856,958	578,478	2,435,436
NET ASSETS AT END OF YEAR	\$ 14,248,658	\$ 657,446	\$ 14,906,104	\$ 14,034,353	\$ 769,326	\$ 14,803,679

See Notes to Financial Statements

**BNAI ZION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2016</u>	<u>2015</u>
Increase in Net Assets	\$ 102,425	\$ 12,368,243
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	5,104	8,079
(Increase) decrease in operating assets:		
Promises to give	816,794	(32,800)
Accounts receivable	14,940	282,160
Segregated gift annuity - asset	812,272	(28,821)
Increase (Decrease) in operating liabilities:		
Accounts payable	1,699	20,096
Health insurance payable	(2,644)	(8,401)
Payroll tax payable	-	(16,768)
Segregated gift annuity - liability	(650,057)	128,833
Zeller family fund held for others	-	74,000
Net cash provided by operating activities	<u>1,100,533</u>	<u>12,794,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from long-term investments	39,000	69,428
Short Term Investments, net	(601,335)	(10,910,026)
Proceeds from sale of property and equipment	12,000	2,881,239
Purchase of equipment	(5,649)	-
Net cash (used in) investing activities	<u>(555,984)</u>	<u>(7,959,359)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of mortgage loan	-	(6,000,000)
Proceeds on loan payable	-	450
Net cash (used in) financing activities	<u>-</u>	<u>(5,999,550)</u>
Net increase (decrease) in cash and cash equivalents	544,549	(1,164,288)
Beginning of year cash and cash equivalents	<u>128,688</u>	<u>1,292,976</u>
End of year cash and cash equivalents	<u>\$ 673,237</u>	<u>\$ 128,688</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for:		
Interest	<u>\$ -</u>	<u>\$ 293,904</u>

See Notes to Financial Statements

SUPPLEMENTARY INFORMATION

BNAI ZION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>PROJECTS & PROGRAMS</u>	<u>ADMINISTRATIVE & OPERATING</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Israel (Schedule B)	\$ 2,999,320	\$ -	\$ -	\$ 2,999,320
Legal and Professional	-	284,120	24,000	308,120
Salaries	459,424	67,016	174,607	701,047
Benefits	41,002	6,834	20,501	68,337
Payroll Taxes	31,463	5,243	15,730	52,436
Books and Subscriptions	250	-	-	250
Filing Fees	-	1,801	-	1,801
Occupancy	81,974	4,553	4,553	91,080
Postage	6,130	-	-	6,130
Printing & Stationery	11,605	-	611	12,216
Computer Expenses	28,587	-	-	28,587
Publicity & Advertising	71,094	-	-	71,094
Telephone	18,314	1,017	1,017	20,348
Travel	80,430	-	-	80,430
Bank Charges	10,847	-	-	10,847
Meeting Expenses	5,510	-	-	5,510
Fundraising Campaign	-	-	115,972	115,972
Office Supplies	9,138	1,003	1,003	11,144
Insurance	15,318	2,553	7,659	25,530
TOTAL	\$ 3,870,406	\$ 374,140	\$ 365,653	\$ 4,610,199

See Notes to Financial Statements

BNAI ZION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PROJECTS & PROGRAMS</u>	<u>ADMINISTRATIVE & OPERATING</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Israel (Schedule C)	\$ 2,743,407	\$ -	\$ -	\$ 2,743,407
Legal and Professional	-	196,266	-	196,266
Salaries	343,194	181,567	207,366	732,127
Benefits	42,883	22,677	25,876	91,436
Payroll Taxes	24,507	12,959	14,788	52,254
Books and Subscriptions	-	659	-	659
Filing Fees	-	1,050	-	1,050
Occupancy	67,777	33,889	33,889	135,555
Postage	1,768	1,768	3,537	7,073
Printing & Stationery	4,329	4,329	8,657	17,315
Computer Expenses	6,586	21,953	15,367	43,906
Publicity & Advertising	-	31,745	31,745	63,490
Telephone	-	13,916	13,916	27,832
Travel	26,927	13,463	13,464	53,854
Bank Charges	-	15,660	-	15,660
Meeting Expenses	1,687	3,373	3,373	8,433
Fundraising Campaign	-	-	21,361	21,361
General Expenses	-	1,676	1,676	3,352
Office Supplies	2,603	2,603	5,205	10,411
Insurance	17,960	8,980	8,980	35,920
TOTAL	<u><u>\$ 3,283,628</u></u>	<u><u>\$ 568,533</u></u>	<u><u>\$ 409,200</u></u>	<u><u>\$ 4,261,361</u></u>

See Notes to Financial Statements

**BNAI ZION FOUNDATION, INC.
SCHEDULE OF REVENUE FOR PUBLIC SUPPORT
FOR THE YEARS ENDED DECEMBER 31,**

SCHEDULE A

PROJECTS FOR ISRAEL	<u>2016</u>	<u>2015</u>
Israel-Roth Sweater Fund	\$ 47,063	\$ 134,216
Ahava Village	454,771	316,774
Bnai Zion Medical Center	886,772	1,777,214
David Yellin College of Education	113	5,858
Immigrant Retraining Program	-	50,000
Regional Special Events	285,966	219,014
Keren Maaleh Adumim Foundation	68,778	652,344
Quitman Center - Special Children	199	154
	<hr/>	<hr/>
TOTAL	<u>\$ 1,743,662</u>	<u>\$ 3,155,574</u>

See Notes to Financial Statements

BNAI ZION FOUNDATION, INC.
SCHEDULE OF PROJECT EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

SCHEDULE B

	<u>2016</u>		<u>2015</u>
Israel-Roth Sweater Fund	\$ 138,700	\$	228,306
Ahava Village	530,548		426,853
Bnai Zion Medical Center	1,474,055		748,133
David Yellin College of Education	2,700		2,700
Publicity Education Info	63,467		40,418
Grants to US Organizations	12,678		18,780
Immigrant Retraining Program	-		18,040
Regional Special Events	172,697		130,167
Keren Maaleh Adumim Foundation	579,475		1,118,147
Other	25,000		11,863
	<hr/>		<hr/>
TOTAL	\$ 2,999,320	\$	2,743,407
	<hr/> <hr/>		<hr/> <hr/>

See Notes to Financial Statements

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. ORGANIZATION

Bnai Zion Foundation, Inc. (the "Foundation") was established in 1908 as a non-profit organization dedicated to assisting those in need with humanitarian projects in Israel. The Foundation has completed hundreds of initiatives for the people of Israel and for Jewish people worldwide and strongly supports the significant, enduring tie between America and Israel and is continuing its projects toward the advancement of the physical, mental and social well-being of the citizens of Israel.

As of December 31, 2016 and 2015, the Foundation's operations are carried out through four regions located in the states of New York, Florida, Texas and California.

2. SUMMARY OF ACCOUNTING POLICIES

Method of Accounting

Effective January 2015, the Foundation changed its method of accounting from the modified cash to the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. The adoption of new method have not required material changes to 2014 financial statements, therefore no restatement of the previously issued financial statements was necessary.

Basis of Presentation

The Foundation 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. The net assets of the Foundation are classified as follows:

Unrestricted net assets are available without restriction for support of the Foundation's operations. Unrestricted net assets totaled \$14,248,658 and \$14,034,353 as of December 31, 2016 and 2015, respectively.

Temporarily restricted net assets are restricted by the donor to be used for certain purposes or future periods. Temporarily restricted net assets totaled \$657,446 and \$769,326 at December 31, 2016 and 2015, respectively.

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations. The Foundation had no permanently restricted net assets at December 31, 2016 and 2015.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity date of three months or less at date of purchase to be cash equivalents. At times during the year, the Foundation maintains balances in banks which exceed the federally insured limit of \$250,000. These balances fluctuate during the year and the uninsured portion can vary greatly. Management monitors regularly the financial condition of the banking institution, along with their balance of cash and cash equivalents and tries to keep the risk to a minimum.

Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair value at date of donation. The Foundation capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Promises to Give

In accordance with Financial Accounting Standards Board (the "FASB") ASC 958-605, Revenue Recognition, unconditional promises to give are recognized as support in the period received. Promises to give are shown net of allowance for uncollectible amounts. Allowance for uncollectible accounts are estimated based on management's periodic evaluation of the Foundations' past loss experience, and management's analysis of specific amounts due. Based on management evaluation, no allowance was recorded at December 31, 2016 and 2015. The fair value of promises to give is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

Conditional promises to give are recognized when the contributions on which they depend are substantially met. At December 31, 2016 and 2015, the Foundation had no conditional promises to give.

Restricted and Unrestricted Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the year 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 restrictions expire (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 as net assets released from restrictions.

Fair Value of Financial Instruments

In accordance with financial accounting standards, all financial instruments have been reviewed and, if practicable, estimated fair values have been determined. The Foundations' financial instruments include cash and cash equivalents, investments, promises to give and other receivables. The fair value of these instruments approximates carrying values due to their short-term duration.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of unrestricted activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising

The Foundation uses advertising to promote its programs and to fundraise. The cost of advertising is expensed as incurred. Advertising expense was \$71,094 and \$63,490 for the years ended December 31, 2016 and 2015, respectively.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The underlying principle of ASU 2016-02 is that lessees should be required to recognize the assets and liabilities arising from leases on the statements of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous generally accepted accounting principles. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statements of financial position. The guidance is currently effective for years beginning after December 15, 2019, and early adoption is permitted for all entities. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Foundation is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Foundation is assessing the impact this standard will have on its financial statements.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

3. PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2016 and 2015 consisted of:

	2016	2015
Computer and office equipment	\$ 86,439	\$ 80,790
Less accumulated depreciation	(81,120)	(76,016)
	\$ 5,319	\$ 4,774

Depreciation expense for the years ended December 31, 2016 and 2015 was \$5,104 and \$8,079, respectively.

4. PROMISES TO GIVE

Unconditional promises to give as of December 31, 2016, consisted of:

Receivable in:

Less than one year	\$ 1,313,666
One to five years	616,206
More than five years	-
	\$ 1,929,872

Unconditional promises to give as of December 31, 2015, consisted of:

Receivable in:

Less than one year	\$ 2,066,666
One to five years	680,000
More than five years	-
	\$ 2,746,666

Standard calculations for discounts on long-term promises to give produced amounts that are the Foundation felt were immaterial, and therefore not recorded.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

5. FAIR VALUE OF FINANCIAL MEASUREMENTS

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, Fair Value Measurement, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants, at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs-Unadjusted quoted market prices for identical assets and liabilities in an active market that the Foundation has the ability to access.

Level 2 Inputs-Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs-Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Fair value of assets measured on a recurring basis at December 31, 2016 as follows:

Description	Level 1	Level 2	Level 3	Total
State of Israel Bonds	\$ 97,500	\$ -	\$ -	\$ 97,500
Oil Lease	-	8,541	-	8,541
Mutual Funds	1,464,658	-	-	1,464,658
Fixed Income Securities	9,051,913	-	-	9,051,913
US Equity	3,768,706	-	-	3,768,706
	<u>\$ 14,382,777</u>	<u>\$ 8,541</u>	<u>\$ -</u>	<u>\$ 14,391,318</u>

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

5. FAIR VALUE OF FINANCIAL MEASUREMENTS (continued)

Fair value of assets measured on a recurring basis at December 31, 2015 as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State of Israel Bonds	\$ 97,500	\$ -	\$ -	\$ 97,500
Oil Lease	-	8,541	-	8,541
Mutual Funds	11,878,260	-	-	11,878,260
Fixed Income Securities	2,651,178	-	-	2,651,178
US Equity	112,838	-	-	112,838
Total	\$ 14,739,776	\$ 8,541	-	\$ 14,748,317

6. CHARITABLE REMAINDER ANNUITY TRUSTS

The Foundation serves as trustee of 28 and 32 charitable remainder annuity trusts as of December 31, 2016 and 2015, respectively. The assets held in these trusts are recorded at fair value when received, and the liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the donor's expected lives. At December 31, 2016, the related assets were \$2,501,543 and liabilities were \$2,159,328. At December 31, 2015, the related assets were \$3,313,815 and liabilities were \$2,809,385.

Trusts are established by donors to provide income, generally for life, to designated beneficiaries. Each year, beneficiaries receive fixed payments as specified in the trust agreements. The Trust terminates upon the death of the grantor, at which time the Foundation will receive the remaining trust assets. In 2016, the Foundation received \$550,000 from a terminated trust account.

The charitable remainder trusts are exempt from federal income taxes, except in any year in which they receive unrelated business taxable income. The trusts for which the Foundation serves as trustee received no unrelated taxable income for the years ended December 31, 2016 and 2015.

7. SALE OF PROPERTY

In December 2015, the Foundation sold the building and the land for total consideration of \$17,500,000. George W. Schaffer (see Note 8) as a trustee of The George W. Schaffer Living Trust held a \$6,000,000 interest only mortgage as collateral for a loan to the Foundation. The mortgage was satisfied at closing and was paid in full including interest to December 23, 2015 in the sum of \$18,904 for a total \$6,018,904.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

8. RELATED PARTIES

George W. Schaeffer holds the position of chairman of the Board of Directors of the Foundation. On March 6, 2012, George W. Schaeffer, as a trustee of The George W. Schaeffer Living Trust, provided a \$6,000,000 interest only mortgage loan, secured by the Foundation's property. The loan was paid in full at the date of the sale of the property in December 2015 (See Note 7).

The George W. Schaeffer provides support to the Foundation. The support totaled \$1,600,000 and \$1,829,404 for the years ended December 31, 2016 and 2015, respectively.

9. OPERATING LEASE

In November 2015, the Foundation entered in operating sublease agreement for its office space which expires on September 29, 2018.

Minimum future rental payments under non-cancelable operating lease are as follows:

Year ended December 31		
	2017	108,188
	2018	<u>87,334</u>
Total Minimum Future Rental Payments		<u>\$ 195,522</u>

The Organization also leases spaces in Texas, Florida and California on a month-to-month basis. Rent expense related to these leases totaled \$128,650 and \$26,300 for the years ended December 31, 2016 and 2015, respectively.

10 ZELLER FAMILY FUNDS HELD FOR OTHERS

The asset account "Investments Held for Others" and the liability account "Zeller Family Fund Held for Others" represent the fair value of a portion of bequest received by the Foundation that is to be paid to specific organizations in proportions determined by the will. Related to this specific bequest, the Foundation's policy is to recognize the estimated fair value of the bequest received and an offsetting liability. The asset and liability will be decreased as payments are made to the named organizations.

BNAI ZION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

11. TAXES

The Foundation is a non-profit organization incorporated in the State of New York and is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code. The three proceeding tax years remain open for examination.

12. SUBSEQUENT EVENTS

Management has reviewed the financial statements as of April 25, 2017, which is the date the financial statements were available to be issued and no events occurred that required recording or disclosure in the 2016 financial statements.