

**Jewish Family & Children's Service of  
Greater Monmouth County  
Financial Statements for the Years Ended  
December 31, 2016 and 2015, and  
Independent Auditor's Report**

# **Ditmars, Perazza & Co.**

CERTIFIED PUBLIC ACCOUNTANT

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## **Independent Auditor's Report**

Jewish Family & Children's Service  
of Greater Monmouth County

May 8, 2017

To the Board of Directors:

### **Report on Financial Statements**

We have audited the accompanying financial statements of Jewish Family & Children's Service of Greater Monmouth County, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, of cash flows and of functional expenses 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 the 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 organization'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 organization'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 Jewish Family & Children's Service of Greater Monmouth County 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 the Jewish Family & Children's Service of Greater Monmouth County's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 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.

Ditmars, Perazza & Co.

**Jewish Family & Children's Service  
of Greater Monmouth County  
Statement of Financial Position  
December 31, 2016  
(With Summarized Totals for 2015)**

<b>ASSETS:</b>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 527,034	\$ 279,888
Grants and accounts receivable	145,209	211,322
Inventory	81,153	64,741
Prepaid expenses	11,543	11,309
Investments	857,996	934,427
Security deposits	1,947	1,947
Property and equipment, net	69,489	74,149
<b>TOTAL ASSETS</b>	<u>\$ 1,694,371</u>	<u>\$ 1,577,783</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 122,564	\$ 164,213
Total Liabilities	<u>122,564</u>	<u>164,213</u>
 <b>Net Assets:</b>		
Unrestricted	582,113	485,147
Temporarily restricted	8,678	8,678
Permanently restricted	981,016	919,745
Total net assets	<u>1,571,807</u>	<u>1,413,570</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,694,371</u>	<u>\$ 1,577,783</u>

*The accompanying footnotes are an integral part of the financial statements.*

**Jewish Family & Children's Service  
of Greater Monmouth County  
Statement of Activities  
For the Year Ended December 31, 2016  
(With Summarized Totals for 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>					
<b>Public Support:</b>					
Tribute dinner - net	\$ 100,458			\$ 100,458	\$ 117,727
Jewish Federation Foundations	343,000			343,000	297,500
Donations	16,500			16,500	20,700
Board Campaign	212,121		\$ 61,271	273,392	256,881
Holocaust CNJ Grants	24,228			24,228	16,688
Freeholders-First Step	415,832			415,832	432,254
Senior Nutrition & Emergency Food & Shelter Program	10,000			10,000	12,000
	175,468			175,468	179,112
<b>Other Revenue:</b>					
Fees	423,480			423,480	381,439
Thrift shop sales - net	283,052			283,052	244,635
Investment Income	32,169			32,169	35,838
Unrealized gains (losses) on investments	44,395			44,395	(20,436)
Other income	-			-	428
Net assets released from restrictions				-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,080,703</b>	<b>-</b>	<b>61,271</b>	<b>2,141,974</b>	<b>1,974,766</b>
<b>EXPENSES:</b>					
Program services	1,560,495			1,560,495	1,508,882
Management and general	298,161			298,161	273,306
Fundraising	125,081			125,081	107,868
<b>TOTAL EXPENSES</b>	<b>1,983,737</b>			<b>1,983,737</b>	<b>1,890,056</b>
<b>CHANGE IN NET ASSETS</b>	<b>96,966</b>	<b>-</b>	<b>61,271</b>	<b>158,237</b>	<b>84,710</b>
<b>NET ASSETS - BEGINNING</b>	<b>485,147</b>	<b>\$ 8,678</b>	<b>919,745</b>	<b>1,413,570</b>	<b>1,328,860</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 582,113</b>	<b>\$ 8,678</b>	<b>\$ 981,016</b>	<b>\$ 1,571,807</b>	<b>\$ 1,413,570</b>

*The accompanying footnotes are an integral part of the financial statements.*

**Jewish Family & Children's Service  
of Greater Monmouth County  
Statement of Cash Flows  
For the Year Ended December 31, 2016  
(With Summarized Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	158,237	\$ 84,710
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,660	4,366
Change in grants and account receivable	66,113	(118,204)
Change in inventory	(16,412)	(20,863)
Change in prepaid expenses	(234)	1,706
Unrealized (appreciation) depreciation of investments	44,395	20,436
Realized (gains) losses on investments	-	(8,711)
Change in accounts payable and accrued expenses	(41,650)	42,812
Net cash provided by operating activities	<u>215,109</u>	<u>6,252</u>
 Cash flows from investing activities:		
Property additions	-	-
Change in investments	32,037	(95,098)
Net cash (used by) provided by investing activities	<u>32,037</u>	<u>(95,098)</u>
 <b>Net change in cash and cash equivalents</b>	<b>247,146</b>	<b>(88,846)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>279,888</b>	<b>368,734</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 527,034</u></b>	<b><u>\$ 279,888</u></b>
 <b>SUPPLEMENTAL INFORMATION:</b>		
Rent paid	\$ 51,095	\$ 50,795

*The accompanying footnotes are an integral part of the financial statements.*

**Jewish Family & Children's Service  
of Greater Monmouth County  
Statement of Functional Expenses  
For the Year Ended December 31, 2016  
(With Summarized Totals for 2015)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2016</b>	<b>2015</b>
Salaries and wages	\$ 642,110	\$ 183,693	\$ 82,662	\$ 908,465	\$ 837,775
Employee benefits	72,780	20,502	9,226	102,508	89,646
Payroll taxes	71,584	20,164	9,074	100,822	101,213
Thrift shop trucking and other	14,190			14,190	16,638
Visiting health aides	290,013			290,013	317,952
Office rental	51,095			51,095	50,795
Other		9,512		9,512	4,858
Office supplies and expenses	17,090	4,814	2,166	24,070	18,443
Utilities	24,862	7,003	3,152	35,017	48,825
Other building services	1,613	454	205	2,272	3,392
Equipment & equipment rental	7,219	2,034	9,158	18,411	8,401
Client service	282,687			282,687	259,109
Printing	3,033	855	385	4,273	5,527
Postage	4,855	1,367	615	6,837	6,006
Professional fees & consultants	11,646			11,646	25,998
Insurance	36,944	10,406	4,682	52,032	48,847
Bank and credit card charges		10,826		10,826	9,212
Accounting and audit fees		6,700		6,700	6,700
Telephone	9,640	2,716	1,222	13,578	13,877
Repairs and maintenance	4,550	1,281	576	6,407	2,344
Depreciation	3,309	932	419	4,660	4,366
Board expense		3,551		3,551	3,399
Dues and memberships	940	3,551		4,491	446
Travel and meetings	9,683	7,800		17,483	4,917
Advertising	652			652	480
Fundraising expense			1,539	1,539	890
<b>Total</b>	<b>\$ 1,560,495</b>	<b>\$ 298,161</b>	<b>\$ 125,081</b>	<b>\$ 1,983,737</b>	<b>\$ 1,890,056</b>

*The accompanying footnotes are an integral part of the financial statements.*

**Jewish Family & Children's Service of  
Greater Monmouth County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(With Summarized Totals for 2015)**

**1. Nature of Activities and Significant Accounting Policies**

**Nature of Activities**

Jewish Family & Children's Service of Greater Monmouth County (the "Organization") was established in 1976 to provide comprehensive social services to individuals in the Monmouth County, New Jersey area. The Organization provides numerous services including individual, marital and family counseling, senior service programs (including nutrition), emergency financial aid and food referrals, drug and alcohol treatment and prevention programs, camp scholarships, adoption services and a thrift shop operation. The Organization has offices in Asbury Park, Morganville and Eatontown, New Jersey. Major revenue sources are contributions and program service fees.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under these standards, the Organization is required to report 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. In addition, the Organization is required to present a statement of cash flows.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Donor Imposed Restrictions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support



that increases that net asset class. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. The Organization follows the policy of showing restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three month or less to be cash equivalents.

### **Grants and Receivables**

Grants and accounts receivable arise from amounts due the Organization from contract services or insurance billings. All receivables at December 31, 2015 have been subsequently collected.

### **Property and Equipment**

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets (5 to 15 years). All acquisitions of property and equipment in excess of \$ 2,500 are capitalized.

### **Income Taxes**

The Organization is a not-for-profit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization is not classified as a Private Foundation.

ASC Topic 740 prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has taken or expects to take on its information returns.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns with regard to issues affecting its tax exempt status, unrelated business income and related matters. Based on the Organization's evaluation of their positions relating to any relevant matters no tax benefits or liabilities are required to be recognized in accordance with ASC Topic 740. The Organization is subject to routine audits by taxing jurisdictions however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2012. Should there be an assessment of penalties and interest it is the Organization's policy to recognize them as current year expenses. There have been no tax related interest or penalties for periods presented in these financial statements.

### **Investments**

Investments are carried at market value and realized and unrealized gains and losses are reflected in the statement of activities.

### **Refundable Advances**

The Organization records grant awards accounted for as exchange transactions as refundable advances until the related services are performed, at which time they are recognized as revenue.

### **Contributed Services**

During the years ended December 31, 2016 and 2015 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Functional Allocation of Expenses**

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Inventory**

Inventory is stated at cost or estimated donated value and consists of contributed items held for resale as well as items purchased for resale.

### **Advertising Costs**

Advertising costs are expensed as incurred.

### **Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board's standards that applies to all assets and liabilities that are being measured and reported on a fair value basis. Under the standards disclosures are required that establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands

disclosure about fair value measurements. The standards enable the reader of the financial statements to access the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

1. Level 1: Quoted market prices in active markets for identical assets or liabilities
2. Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
3. Level 3: Unobservable inputs that are not corroborated by market data.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, prepaid and payables approximates fair value due to the short maturity of these instruments.

### **Subsequent Events**

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establish principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, the Organization has evaluated subsequent events through May 8, 2017, the date the financial statements were available to be issued. Management had also determined that no subsequent events have occurred which require disclosure in the financial statements.

## **2. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisting of cash and cash equivalents and investments at December 31, 2016 and 2015 are available for the following purposes:

	2016 -----	2015 -----
Building renovations	\$ 8,678	\$ 8,678
	-----	-----
Total	\$ 8,678 =====	\$ 8,678 =====

### 3. Property and Equipment

As of December 31, 2016 and 2015, the cost and accumulated depreciation of property and equipment was as follows:

	2015 -----	2014 -----
Building and improvements	\$ 316,078	\$ 316,078
Furniture and office equipment	136,583	136,583
Land	58,625	58,625
Vehicle	12,514	12,514
Thrift Shop truck	22,298	22,298
	-----	-----
Total	546,098	546,098
	-----	-----
Less accumulated depreciation	(476,609)	(471,949)
	-----	-----
Property & Equipment – Net	<u>\$ 69,489</u>	<u>\$ 74,149</u>

### 4. Pension Plan

The Organization provides a 403 (b) retirement plan for eligible employees. The Organization contributes three and one half percent of an eligible employee's regular salary to the pension plan. Pension expense for 2016 and 2015 was \$ 20,807 and \$17,617 respectively.

### 5. Investments

The investments amounted to \$ 934,427 and \$ 857,996 as of December 31, 2015 and 2016, respectively. The investments in the Bonds, Preferred Stocks and the Mutual Funds are valued using Level 1 measurement factors. The investments in the Certificates of Deposit are valued using Level 2 measurement factors. The makeup of the investments, the market value and cost basis as of December 31, 2015 and 2016 are as follows:

	.....2015.....		.....2016.....	
	Market Value	Cost/Basis	Market Value	Cost Basis
Bonds	\$ 170,653	\$ 169,951	\$ 203,110	\$ 196,283
Certificates of Deposit	372,157	368,060	290,570	271,930
Mutual Funds and Other	257,732	286,690	288,413	290,529
Preferred Stocks	133,885	153,795	75,903	75,000
	-----	-----	-----	-----
Total	<u>\$ 934,427</u>	<u>\$ 978,496</u>	<u>\$ 857,996</u>	<u>\$833,742</u>

## **6. Office Lease Obligations**

The Organization leases office space in Eatontown and Morganville, New Jersey. Office lease expense amounted to \$ 51,095 and \$ 50,795 in 2016 and 2015, respectively. The lease on the Eatontown office commenced in February 2014 and runs for a period of 36 months at a money rent of \$ 800 for the first 12 months \$ 825 for the next 12 months and \$ 850 for the last 12 months. The Organization entered into a 3 year lease in January 2014 at \$ 2,600 per month for the Morganville office. Future minimum lease payments are \$ 22,400 for 2017 and \$ for 2018. Additional rent in the amount of \$ 9,000 was paid to rent space for the congregate meal program.

## **7. Donor-designated Endowments (New Jersey UPMIFA)**

The Organization's endowment consists of 5 individual funds established for a variety of purposes. Its endowments include donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Organization has interpreted the NJ Prudent Management of Institutional Funds Act (NJMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NJMIFA. In accordance with the NJMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization's investment policies.

Investment return objectives, risk parameters and strategies. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowments assets are invested in a well diversified asset mix, which includes bonds, certificates of deposit and preferred stocks, that is intended to result in a consistent inflation-protected rate of return that has a sufficient liquidity to make annual

distributions, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support and consist of the following as of December 31, 2015 and 2016:

	2015	2016
	-----	-----
Senior citizens services	\$ 643,946	\$ 643,946
Training programs	74,761	74,761
Counseling programs	10,000	10,000
Food Support Programs	191,038	252,309
	-----	-----
Total	\$ 919,745	\$ 899,745
	=====	=====

Changes in the endowment net assets for the year ended December 31, 2016 are as follows:

Balance at December 31, 2015	\$ 919,745
Contributions – Food Support Programs	61,271
	-----
Balance at December 31, 2016	\$ 981,016
	=====