Jewish Family & Children's Service of Greater Monmouth County Financial Statements for the Years Ended December 31, 2017 and 2016, 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 28, 2018

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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 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, 2017
(With Summarized Totals for 2016)

	2017	2016
ASSETS:		
Cash and cash equivalents	$ 329,889	$ 527,034
Grants and accounts receivable	265,012	145,209
Inventory	66,391	81,153
Prepaid expenses	12,987	11,543
Investments	1,049,682	857,996
Security deposits	1,947	1,947
Property and equipment, net	99,647	69,489
TOTAL ASSETS	$ 1,825,555	$ 1,694,371
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 181,343	$ 122,564
Total Liabilities	181,343	122,564
Net Assets:		
Unrestricted	638,196	585,113
Temporarily restricted	-	5,678
Permanently restricted	1,006,016	981,016
Total net assets	1,644,212	1,571,807
TOTAL LIABILITIES AND NET ASSETS	$ 1,825,555	$ 1,694,371

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, 2017
(With Summarized Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
PUBLIC SUPPORT AND OTHER REVENUE					
Public Support:					
Tribute dinner - net	$ 134,653			$ 134,653	$ 100,458
Jewish Federation	309,995			309,995	343,000
Foundations	62,500			62,500	16,500
Donations	144,504		$ 25,000	169,504	273,392
Board Campaign	21,782			21,782	24,228
Holocaust CNJ Grants	522,896			522,896	415,832
Freeholders-First Step	13,804			13,804	10,000
Senior Nutrition & Emergency Food & Shelter Program	175,209			175,209	175,468
Other Revenue:					
Fees	499,755			499,755	423,480
Thrift shop sales - net	198,221			198,221	283,052
Investment Income	16,083			16,083	32,169
Unrealized gains (losses) on investments	30,983			30,983	44,395
Net assets released from restrictions	5,678	$ (5,678)		-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,136,063	(5,678)	25,000	2,155,385	2,141,974
EXPENSES:					
Program services	1,767,836			1,767,836	1,560,495
Management and general	220,939			220,939	298,161
Fundraising	94,205			94,205	125,081
TOTAL EXPENSES	2,082,980			2,082,980	1,983,737
CHANGE IN NET ASSETS	53,083	(5,678)	25,000	72,405	158,237
NET ASSETS - BEGINNING	585,113	$ 5,678	981,016	1,571,807	1,413,570
NET ASSETS - ENDING	$ 638,196	$ -	$1,006,016	$1,644,212	$1,571,807

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, 2017
(With Summarized Totals for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 72,405	$ 158,237
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activiies:		
Depreciation	6,171	4,660
Change in grants and account receivable	(119,803)	66,113
Change in inventory	14,762	(16,412)
Change in prepaid expenses	(1,444)	(234)
Unreallzed (appreciation) depreciation of investments	(30,983)	44,395
Change in accounts payable and accrued expenses	58,779	(41,650)
Net cash provided by operating activities	(113)	215,109
Cash flows from investing activities:		
Property additions	(36,329)	-
Change in investments	(160,703)	32,037
Net cash (used by) provided by investing activities	(197,032)	32,037
Net change in cash and cash equivalents	(197,145)	247,146
CASH AND CASH EQUIVALENTS - BEGINNING	527,034	279,888
CASH AND CASH EQUIVALENTS - ENDING	$ 329,889	$ 527,034

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, 2017
(With Summarized Totals for 2016)

	Program Services	Management and General	Fundraising	2017	2016
Salaries and wages	$ 724,399	$ 136,934	$ 65,670	$ 927,003	$ 908,465
Employee benefits	85,071	16,081	7,712	108,864	102,508
Payroll taxes	77,049	14,565	6,985	98,599	100,822
Thrift shop trucking and other	9,744			9,744	14,190
Visiting health aides	338,107			338,107	290,013
Office rental	51,978			51,978	51,095
Other		12,255		12,255	9,512
Office supplies and expenses	14,732	2,768	1,333	18,833	24,070
Utilities	25,704	4,831	2,327	32,862	35,017
Other building services	2,172	408	196	2,776	2,272
Equipment & equipment rental	13,847	2,602	1,253	17,702	18,411
Client service	342,664			342,664	282,687
Printing	4,160	782	376	5,318	4,273
Postage	5,624	1,056	509	7,189	6,837
Professional fees & consultants	2,043			2,043	11,646
Insurance	37,715	7,088	3,414	48,217	52,032
Bank and credit card charges		5,160		5,160	10,826
Accounting and audit fees		7,450		7,450	6,700
Telephone	11,505	2,162	1,041	14,708	13,578
Repairs and maintenance	2,220	417	201	2,838	6,407
Depreciation	4,827	907	437	6,171	4,660
Board expense		3,248		3,248	3,551
Dues and memberships	3,899			3,899	4,491
Travel and meetings	9,851	2,225	2,225	14,301	17,483
Advertising	525			525	652
Fundraising expense			526	526	1,539
Total	$ 1,767,836	$ 220,939	$ 94,205	$2,082,980	$1,983,737

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, 2017
(With Summarized Totals for 2016)

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.

New Accounting Pronouncements Not Yet Adopted

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2018 and may be adopted either by restating all years presented in the Organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, generally accepted accounting principles (GAAP) has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The Organization is assessing the potential impact this guidance will have on it financial statements.

Presentation of Financial Statements of Non-for-Profit Entities – Issued in August 2016, Accounting Standards Update (ASU) No.2016-14 is intended to improve the presentation of financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions form the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources, and presentations of operating cash flows. The standard is effective for the fiscal years beginning after December 15, 2017. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

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, 2017 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 2013. 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, 2017 and 2016 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 28, 2018, 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, 2017 and 2016 are available for the following purposes:

	2017	2016
Building renovations	$ 0	$ 5,678
Total	$ 0	$ 5,678

3. Property and Equipment

As of December 31, 2017 and 2016, the cost and accumulated depreciation of property and equipment was as follows:

	2017	2016
Building and improvements	$ 339,528	$ 316,078
Furniture and office equipment	149,463	136,583
Land	58,625	58,625
Vehicle	12,514	12,514
Thrift Shop truck	22,298	22,298
Total	582,427	546,098
Less accumulated depreciation	(482,780)	(476,609)
Property & Equipment – Net	$ 99,647	$ 69,489

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 2017 and 2016 was $ 20,807 and $17,617 respectively.

5. Investments

The investments amounted to $ 1,049,682 and $ 857,996 as of December 31, 2017 and 2016, respectively. The investments in the Bonds, Preferred Stocks and the Mutual Funds as well as the Other Investments 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, 2017 and 2016 are as follows:

	2017		2016	
	Market Value	Cost/Basis	Market Value	Cost Basis
Bonds	$ 319,294	$ 303,278	$ 203,110	$ 196,283
Certificates of Deposit	436,442	431,930	290,570	271,930
Mutual Funds and Other	190,669	167,250	288,413	290,529
Preferred Stocks	103,277	121,944	75,903	75,000
Total	$ 1,049,682	$ 1,024,402	$ 857,996	$833,742

6. Office Lease Obligations

The Organization leases office space in Eatontown and Morganville, New Jersey. Office lease expense amounted to $ 51,978 and $ 51,095 in 2017 and 2016, 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 lease was extended thru June 2018 at a monthly rent of $ 910. The Organization entered into a 3 year lease in January 2014 at $ 2,600 per month for the Morganville office. The lease was also extended for an additional 36 months thru January 2020 at a monthly rent of $ 2,678. Future minimum lease payments are $ 33,046 for 2018, $ 32,136 for 2019 and $ 2,678 for 2020. 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. It's 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, and (6) other resources of the Organization's investment policies.

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, 2017 and 2016:

	2017	2016
Senior citizens services	$ 643,946	$ 643,946
Training programs	74,761	74,761
Counseling programs	10,000	10,000
Food Support Programs	277,309	252,309
Total	$ 1,006,016	$ 981,016

Changes in the endowment net assets for the year ended December 31, 2017 are as follows:

Balance at December 31, 2016	$ 981,016
Contributions – Food Support Programs	25,000
Balance at December 31, 2017	$ 1,006,016

8. Concentration of Credit Risk

The Organization maintains cash balances at several banks. Accounts at one bank are currently insured by the Federal Deposit Insurance Corporation up to $250,000. A portion of the cash balances that have exceeded the limit are therfore not insured by the FDIC. The Organization has not experienced any losses in such accounts.