DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

TABLE OF CONTENTS

MBAF
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dr. Stanley and Pearl Goodman JFS of
Broward County, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. and Affiliates (the "Organization"), a Florida non-profit organization, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. and Affiliates as of June 30, 2018 and 2017, and the results of their consolidated operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Morrison, Brown, Argiz & Farra

Boca Raton, Florida
November 13, 2018

225 NE MIZNER BOULEVARD, SUITE 685, BOCA RATON FL 33432 • T 561 909 2100 • F 561 392 3265 • MBAFCPA.COM

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2018	2017
Cash and cash equivalents	$ 1,778,218	$ 2,429,212
Restricted cash	217,222	734,127
Receivables:		
Grants and other receivables, net	4,384,803	33,450
Program receivables, net	117,386	132,032
Pledges receivable, net	1,343,368	1,498,323
Investments	4,496,947	4,891,866
Beneficial interest in trust, at fair value	68,951	67,432
Prepaid expenses and other assets	132,467	123,136
Property and equipment, net	641,750	69,071
Deposits	24,251	20,048
TOTAL ASSETS	**$ 13,205,363**	**$ 9,998,697**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 2,135,358	$ 1,952,938
Line of credit	750,000	-
Deferred revenue	268,748	584,523
Deferred rent	-	19,538
TOTAL LIABILITIES	3,154,106	2,556,999
NET ASSETS		
Unrestricted:		
Undesignated	4,828,036	3,048,858
Board designated	74,221	69,783
Total unrestricted	4,902,257	3,118,641
Temporarily restricted	2,527,213	1,896,993
Permanently restricted	2,621,787	2,426,064
TOTAL NET ASSETS	10,051,257	7,441,698
TOTAL LIABILITIES AND NET ASSETS	**$ 13,205,363**	**$ 9,998,697**

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
United Jewish Community of Broward County, Inc. allocation and grants	$ 634,000	$ -	$ -	$ 634,000	$ 655,153	$ 24,572	$ -	$ 679,725
Private pay health services	469,430	-	-	469,430	182,719	-	-	182,719
United Way allocation and grants	87,438	-	-	87,438	69,547	-	-	69,547
Grants	73,080	-	-	73,080	73,220	-	-	73,220
Program service fees	260,625	-	-	260,625	291,196	-	-	291,196
Public support and other	1,036,653	727,340	135,005	1,898,998	720,000	1,752,999	38,050	2,511,049
Special events	259,281	-	-	259,281	200,634	-	-	200,634
Change in value of split interest agreement	-	1,519	-	1,519	-	(1,481)	-	(1,481)
Claims Conference grant	17,067,359	-	-	17,067,359	16,108,200	-	-	16,108,200
Investment income, net	383,249	-	119,865	503,114	28,048	-	131,258	159,306
Net assets released from restrictions	157,786	(98,639)	(59,147)	-	53,882	(19,157)	(34,725)	-
TOTAL SUPPORT AND REVENUE	20,428,901	630,220	195,723	21,254,844	18,382,599	1,756,933	134,583	20,274,115
Expenses:								
Program services	16,389,900	-	-	16,389,900	14,438,172	-	-	14,438,172
Supporing services								
Management and general	1,821,839	-	-	1,821,839	1,684,263	-	-	1,684,263
Fundraising	433,546	-	-	433,546	358,897	-	-	358,897
TOTAL EXPENSES	18,645,285	-	-	18,645,285	16,481,332	-	-	16,481,332
CHANGE IN NET ASSETS	1,783,616	630,220	195,723	2,609,559	1,901,267	1,756,933	134,583	3,792,783
NET ASSETS AT BEGINNING OF YEAR	3,118,641	1,896,993	2,426,064	7,441,698	1,217,374	140,060	2,291,481	3,648,915
NET ASSETS AT END OF YEAR	**$ 4,902,257**	**$ 2,527,213**	**$ 2,621,787**	**$ 10,051,257**	**$ 3,118,641**	**$1,896,993**	**$ 2,426,064**	**$ 7,441,698**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 7,986,112	$ 995,332	$ 200,015	$ 1,195,347	$ 9,181,459
Employee benefits and related costs	1,291,985	171,595	36,959	208,554	1,500,539
Direct assistance to claims conference clients	15,038,138	-	-	-	15,038,138
Direct assistance to other program clients	1,021,572	-	-	-	1,021,572
Rent - premises	207,298	40,617	11,510	52,127	259,425
Insurance	78,791	97,107	-	97,107	175,898
Advertising and marketing	61,437	-	76,933	76,933	138,370
Printing	23,387	5,210	1,566	6,776	30,163
Conferences, meetings and training	14,994	3,273	975	4,248	19,242
Dues and subscriptions	27,196	5,098	1,412	6,510	33,706
Contract services	120,874	-	-	-	120,874
JCS management fee	468,824	200,924	-	200,924	669,748
Professional fees	49,655	184,548	-	184,548	234,203
Office	201,730	33,103	8,462	41,565	243,295
Travel and automobile	105,180	4,913	1,552	6,465	111,645
Special events expenses	-	-	92,721	92,721	92,721
Postage and delivery	10,502	2,083	594	2,677	13,179
Telephone and internet	35,128	4,296	847	5,143	40,271
Loss on disposals	-	10,551	-	10,551	10,551
Depreciation and amortization	14,145	33,006	-	33,006	47,151
Bad debt	-	6,000	-	6,000	6,000
Other	35,149	24,183	-	24,183	59,332
Total functional expenses before intercompany elimination	26,792,097	1,821,839	433,546	2,255,385	29,047,482
Less: intercompany elimination	(10,402,197)	-	-	-	(10,402,197)
Net functional expenses	**$16,389,900**	**$ 1,821,839**	**$ 433,546**	**$ 2,255,385**	**$18,645,285**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 6,714,910	$ 898,041	$ 171,820	$ 1,069,861	$ 7,784,771
Employee benefits and related costs	1,258,069	214,863	36,895	251,758	1,509,827
Direct assistance to claims conference clients	14,162,360	-	-	-	14,162,360
Direct assistance to other program clients	604,373	-	-	-	604,373
Rent - premises	163,588	38,628	13,904	52,532	216,120
Insurance	60,803	26,999	-	26,999	87,802
Advertising and marketing	12,496	-	49,619	49,619	62,115
Printing	14,283	3,373	1,214	4,587	18,870
Conferences, meetings and training	16,380	3,868	1,392	5,260	21,640
Dues and subscriptions	11,872	2,803	1,009	3,812	15,684
Contract services	112,489	-	-	-	112,489
JCS management fee	459,124	196,767	-	-	655,891
Professional fees	46,710	212,872	-	212,872	259,582
Office	95,620	22,579	8,127	30,706	126,326
Travel and automobile	78,723	4,871	1,753	6,624	85,347
Special events expenses	-	-	70,896	70,896	70,896
Postage and delivery	5,108	1,206	434	1,640	6,748
Telephone and internet	21,581	5,096	1,834	6,930	28,511
Depreciation and amortization	3,962	11,884	-	11,884	15,846
Bad debt	-	25,000	-	25,000	25,000
Other	-	15,413	-	15,413	15,413
Total functional expenses before intercompany elimination	23,842,451	1,684,263	358,897	2,043,160	25,885,611
Less: intercompany elimination	(9,404,279)	-	-	-	(9,404,279)
Net functional expenses	**$14,438,172**	**$ 1,684,263**	**$ 358,897**	**$ 2,043,160**	**$16,481,332**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,609,559	$ 3,792,783
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	47,151	15,846
Loss on disposals	10,551	-
Bad debt expense	6,000	25,000
Net realized/unrealized gains on investments	(373,366)	(109,398)
Accretion of discount on pledge receivable	(135,005)	(38,050)
Change in value of split interest agreement	(1,519)	1,481
Change in operating assets and liabilities:		
Decrease (increase) in:		
Restricted cash	516,905	(662,980)
Grants and other receivables	(4,351,353)	1,489,020
Program and pledge receivables	48,606	(513,275)
Prepaid expenses and other assets	(9,331)	(32,185)
Deposits	(4,203)	(5,148)
Increase (decrease) in:		
Accounts payable and accrued expenses	182,420	337,271
Deferred revenue	(315,775)	528,566
Deferred rent	(19,538)	(2,763)
TOTAL ADJUSTMENTS	(4,398,457)	1,033,385
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,788,898)	4,826,168
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(630,381)	(23,828)
Proceeds from investments	2,027,092	2,352,166
Purchases of investments	(1,258,807)	(6,206,760)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	137,904	(3,878,422)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	750,000	5,000
Repayments on line of credit	-	(5,000)
Collection on pledge receivable	250,000	250,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,000,000	250,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(650,994)	1,197,746
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,429,212	1,231,466
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 1,778,218**	**$ 2,429,212**

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

1. ORGANIZATION

Organization and Basis of Presentation

The consolidated financial statements include the accounts of Dr. Stanley and Pearl Goodman JFS of Broward County, Inc., and the Jewish Family Services of Broward Foundation, Inc. (the “Foundation”) and Jewish Family Home Care, Inc. (“JFHC”), (“Affiliates”) (collectively the “Organization”) which are under common control. All intercompany accounts and transactions have been eliminated in the consolidation.

Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. is a not-for-profit organization incorporated in the State of Florida in January 1963, to provide various services, primarily to the members of the Jewish community in Broward County, Florida. The services include counseling, care management, and financial assistance to those in need.

On April 8, 2014, the Foundation was formed as a separate fundraising entity to raise and distribute funds for the benefit of the Organization to further provide for the advocacy and resources for Jewish Family Services in Broward County. The Foundation was organized as a non-profit organization under the provisions of Chapter 617 of the Florida Statutes.

JFHC was formed on March 18, 2015 as a separate 501(c)(3) non-profit organization to provide homecare and housekeeping services to members of the senior community living in Broward County, Florida.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed or time restrictions as follows:

Unrestricted – Undesignated

The part of net assets of the Organization that is neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Organization and the purpose specified in its articles of incorporation or bylaws.

Unrestricted – Board Designated

The part of net assets of the Organization resulting from contributions whose use by the Organization is not limited by donor-imposed stipulations. The Organization through its Board of Directors has internally earmarked such funds not to be expended for an unspecified period of time.

Temporarily Restricted

The part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted

The part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization (NOTES 13 and 14).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and money market accounts with maturities of three months or less unless they are included within investments.

Restricted Cash

Restricted cash represents advances received from the Conference on Jewish Material Claims Against Germany, Inc. (“Claims Conference”) and funds held for donor restricted purposes.

Program Receivables, Net

Program receivables consist of amounts due under discounted fee-for-service contracts with patients and third-party payers, such as insurance companies, self-insured employers, and government-sponsored health care programs.

The discounted fee-for-service receivables of approximately $139,000 and $157,000 at June 30, 2018 and 2017, respectively, are presented net of contractual adjustments and an estimated allowance for doubtful accounts of approximately $22,000 and $25,000 at June 30, 2018 and 2017, respectively. Contractual adjustments result from the difference between customary charges for services performed, including withholding provisions, and reimbursement by government sponsored healthcare programs and insurance companies for such services.

Grants and Other Receivables, Net

Grants and other receivables include amounts due from various grantors and other organizations resulting substantially from the Organization’s performance under grants or contracts.

Allowance for Doubtful Accounts

The Organization provides an allowance for program receivables it believes may not be collected in full. The Organization determined the allowance for doubtful accounts based on its historical loss experience, a customer by customer analysis of program receivables at each reporting period and subjective assessments of the Organization’s future uncollectible fees. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Beneficial Interest in Trust

Beneficial interest in trust represents the estimated net present value of the Organization’s interest in an irrevocable trust held by a third-party. The net present value of this receivable was determined using investment returns consistent with the composition of the asset portfolios, single or joint life expectancies from mortality tables and a discount rate of 6%. On an annual basis, the Organization will revalue the receivable based on applicable mortality tables and discount rates.

Funds Held by the United Jewish Community of Broward, Inc.

Funds held by the United Jewish Community of Broward County, Inc. (the “Federation”) represent money market accounts and investments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Equipment is recorded at cost when purchased. Donated property and equipment is recorded at the fair value at the time of the contribution. The Organization's capitalization policy requires individual assets to be capitalized if the original cost exceeds $1,000. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. Construction in progress is recorded at cost until completion when it is then depreciated over the estimated useful lives of the assets.

The estimated lives used in determining depreciation are:

Furniture and equipment	7 years
Computer equipment	3 years
Leasehold improvements	over term of lease

Prepaid Expenses and Other Assets

Prepaid expenses consist primarily of expenses for prepaid insurance and prepaid rent.

Deferred Revenue

Grant funding received in advance and program fees collected in advance for the following year are recorded as deferred revenue at year end.

Deferred Rent

The Organization recognizes rent expense on a straight-line basis when a lease contains predetermined, fixed escalations of minimum rentals. The difference between rent expense and the rental amount payable under the leases are recorded as liabilities and are reported under "Deferred rent" in the accompanying Consolidated Statements of Financial Position. As of June 30, 2017, the Organization had approximately $20,000, of deferred rent expense related to this difference. As of June 30, 2018, there was no deferred rent, as none of the new leases the Organization entered into had rent abatements or escalating rent.

Federation Allocation and Grants

The Organization receives support from the Federation. For the years ended June 30, 2018 and 2017, the Organization received support in the amount of $634,000 and $679,725, respectively, and it is reflected within the Consolidated Statements of Activities as "United Jewish Community of Broward County, Inc. allocation and grants". Conditional promises for support have been made by the Federation to provide support during the year ending June 30, 2019, aggregating approximately $532,000. It is the opinion of management that these promises are conditional and, therefore, are not reported as either a receivable or revenue in these consolidated financial statements (NOTE 17).

Public Support and Other

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods. When a donor 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 Consolidated Statements of Activities as "Net assets released from restrictions."

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

The Organization receives contract funds from various social and governmental agencies. The amounts received under these grants and contracts are designated for specific purposes by the granting agencies. Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred and/or the unit of service has been performed. The Organization records advances at the start of each grant as a liability. Revenues and expenses, which are treated as reciprocal transactions, are recognized as the costs are incurred. Grants and contracts receivables at year end represent expenditures and/or units of service performed, which have not yet been reimbursed by the granting agency.

Program Service fees

For the services provided, Medicare and the other major insurance companies are the Company's primary payers. The revenue is recorded net of estimated revenue adjustments and contractual and other adjustments to reflect amounts estimated to be realizable for services provided.

Management believes that, based on the information currently available and its judgment, the amounts of revenue recognized and recorded represents its best estimate of the amounts ultimately expected to be realized from the services provided to its patients. However, management cannot predict with absolute certainty the amounts to be realized. Therefore, there may be differences in the future between the actual collections and the amounts recorded, and those differences may be material.

In-Kind Contributions

The Organization records the value of donated goods and facilities when there is an objective basis available to measure the value. Donated items are reflected as "Public support and other" in the accompanying Consolidated Statements of Activities at their fair market values on the date of receipt.

Income Tax

The Organization is a non-profit corporation which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, accordingly, generally would not incur income taxes. As a result, the consolidated financial statements do not reflect a provision for income taxes.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for the fiscal years before 2015.

Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs, management, and fund-raising activities benefited.

Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable and promises to give. The Organization maintains cash balances in accounts at several financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts up to $250,000. At June 30, 2018, and 2017, and at certain times during the years the Organization had amounts on deposit that were in excess of the federally insured limit. Cash is maintained at quality financial institutions and the Organization has not experienced losses in such accounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk and Market Risk (Continued)

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Organization has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

The Organization maintains investment accounts which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation ("SIPC"). Management believes that the risk of loss with respect to the financial institutions has been minimized by choosing strong institutions with whom to do business.

The Organization receives a significant amount of its support from grants received from the Claims Conference. For the years ended June 30, 2018 and 2017 approximately 83% and 87%, respectively, of total unrestricted revenue and support was from the Claims Conference. At June 30, 2018 and 2017, grants receivable from the Claims Conference represented 33% and 0%, respectively of total assets. At June 30, 2017, deferred revenue from the Claims Conference represented 21% of total liabilities.

At June 30, 2018 and, 2017, approximately 93% and 92%, respectively, of pledges receivable is due from one donor.

Recent Accounting Pronouncements

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which seeks to enhance the recognition, measurement, presentation and disclosure requirements of financial instruments. The update is effective for fiscal years beginning after December 15, 2018 and for interim periods within fiscal years beginning after December 15, 2019 with early adoption permitted for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. The Organization is currently evaluating the effect the update will have on its consolidated financial statements but expects upon adoption that the update will have a material effect on the Organization's consolidated financial condition due to the recognition of a right-of-use asset and related lease liability. The Organization does not anticipate the update having a material effect on the Organization's consolidated results of operations or cash flows, though such an effect is possible. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued an accounting standard update to reduce diversity in practice on eight specific statements of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Reclassifications

Certain items in the 2017 consolidated financial statements were reclassified to conform to the 2018 presentation.

Subsequent Events

The Organization has evaluated subsequent events through November 13, 2018, which is the date the consolidated financial statements were available to be issued.

3. FUNDS HELD BY THE UNITED JEWISH COMMUNITY OF BROWARD COUNTY, INC.

At June 30, 2018 and 2017, the Organization had funds held and administrated by the Federation in the amount of $2,320,708 and $1,558,357, respectively. The assets are held by the Federation; however, the Organization has its own sub-account. During the years ended June 30, 2018 and 2017, these funds were held in investments.

The following schedule summarizes the investment return for the years ended June 30,:

	2018	2017
Interest and dividend income	$ 41,731	$ 2,475
Net realized/unrealized gains	84,955	22,666
Fees	(4,337)	(193)
	$ 122,349	**$ 24,948**

4. INVESTMENTS

The Organization had additional investments, other than the Funds Held by the United Jewish Community of Broward County Inc., of approximately $2,176,000 and $3,334,000 as of June 30, 2018 and 2017, respectively.

The following schedule summarizes the investment return for these additional investments for the years ended June 30,:

	2018	2017
Interest and dividend income	$ 77,413	$ 31,043
Net realized/unrealized gains, net	288,411	86,732
	$ 365,824	**$ 117,775**

Additionally, for the years ended June 30, 2018 and 2017 approximately $15,000 and $17,000, respectively was included within the caption “Investment income, net” on the Consolidating Statements of Activities related to interest income on money market accounts reflected within the caption “Cash and cash equivalents”.

5. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provides the 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 three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

For the years ended June 30, 2018 and 2017, the funds held by the United Jewish Community of Broward County, Inc. are invested in various publicly traded funds. These funds are valued at fair value per the quoted share of the market as of June 30, 2018 and 2017. Money market funds are carried at cost, which approximates fair value.

Equities: are valued at fair value per the quoted share of the market.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2018 and 2017:

		Fair Value Measurements		
Description	**6/30/2018**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Equities:				
Domestic	$ 2,607,209	$ 2,607,209	$ -	$ -
Fixed Income	947,499	947,499	-	-
International	942,239	942,239	-	-
	$ 4,496,947	**$ 4,496,947**	**$ -**	**$ -**

5. FAIR VALUE MEASUREMENTS (CONTINUED)

		Fair Value Measurements		
Description	6/30/2017	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Equities:				
Domestic	$ 2,729,202	$ 2,729,202	$ -	$ -
Fixed Income	1,089,036	1,089,036	-	-
International	1,073,628	1,073,628	-	-
	$ 4,891,866	**$ 4,891,866**	**$ -**	**$ -**

6. PLEDGES RECEIVABLE, NET

Pledges receivable are expected to be realized in the following periods at June 30,:

	2018	2017
Less than one year	$ 110,890	$ 127,600
One to five years	13,500	36,750
More than five years	1,750,000	2,000,000
Total pledges receivable	1,874,390	2,164,350
Less: discounts to net present value	(531,022)	(666,027)
Pledges receivable, net	**$ 1,343,368**	**$ 1,498,323**

Pledges to be received after one year are discounted using an interest rate of 7.5%.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30,:

	2018	2017
Leasehold improvements	$ 633,684	$ 23,858
Furniture and equipment	20,857	104,326
Computer equipment	50,549	40,314
Construction in progress	-	23,828
	705,090	192,326
Less: Accumulated depreciation and amortization	(63,340)	(123,255)
Property and equipment, net	**$ 641,750**	**$ 69,071**

Depreciation and amortization for the years ended June 30, 2018 and 2017 was approximately $47,000 and $16,000, respectively.

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30,:

	2018	2017
Accounts payable	$ 1,544,796	$ 1,425,159
Accrued payroll	324,271	249,974
Accrued vacation	91,314	94,831
Management fee payable (NOTE 17)	124,258	170,198
Other accruals	50,719	12,776
	$ 2,135,358	**$ 1,952,938**

9. LINE OF CREDIT

During August 2015, the Organization entered into a revolving line of credit agreement with a financial institution. The line was amended on August 21, 2017. The line of credit allows for borrowings up to $1,250,000. Bank advances on the credit line carry an interest rate of 0.75% per annum plus the United States prime rate (5.00% and 4.25% at June 30, 2018 and 2017, respectively). As of June 30, 2018 and 2017, the outstanding balance on the line of credit was $750,000 and $0, respectively. For the year ended June 30, 2017, interest expense on the line of credit was approximately $100. For the year ended June 30, 2018, there was no interest expense. The line of credit matured on August 20, 2018.

On August 15, 2018, the Organization entered into a revolving line of credit agreement with a different financial institution. The line of credit allows for borrowings up to $1,500,000 and matures on August 15, 2019. Bank advances on the credit line carry an interest rate of 0.50% per annum plus the United States prime rate (5.50% at June 30, 2018). As of the date of these financial statements, there was no balance outstanding on the line of credit.

10. CHARITABLE REMAINDER TRUST AND TEMPORARILY RESTRICTED NET ASSETS

The Organization has been named a remainder beneficiary of a charitable remainder unitrust. It was created in the year ended June 30, 2001 and requires that 6% of the prior year's fair value of trust assets be distributed in equal quarterly amounts during the subsequent year to a lifetime beneficiary ("Recipient"). Upon the demise of the Recipient, one-sixth (1/6) of the trust's assets will be distributed to the Organization. A receivable in the amount of approximately $69,000 and $67,000 at June 30, 2018 and 2017, respectively, has been recognized at the present value of the expected future cash payments discounted at a rate of 6%. The change in value of split interest agreement was $1,519 and ($1,481) for the years ended June 30, 2018 and June 30, 2017, respectively, which is reflected in the Consolidated Statements of Activities in the caption "Change in value of split interest agreement."

Temporarily restricted net assets at June 30, 2018 and 2017, consists of the Organization's prorated discounted interest in the fair value of the irrevocable charitable unitrust totaling approximately $69,000 and $67,000, respectively.

11. BOARD DESIGNATED UNRESTRICTED NET ASSETS

As of June 30, 2018 and 2017, approximately $74,000 and $70,000, respectively, of unrestricted net assets has been designated by the board for non-specific future purposes. These funds have been invested with the Federation.

12. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30,

	2018	2017
Beneficial interest in trust	$ 68,951	$ 67,432
Lifeline campaign pledges	41,100	79,950
Cash and pledges for the cupboard	241,760	154,420
Investments restricted for seniors	2,110,650	1,470,650
Cash restricted for various programs	64,752	124,541
	$ 2,527,213	**$ 1,896,993**

13. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at June 30,

	2018	2017
Pledges receivable	$ 1,218,978	$ 1,333,973
Investments	1,402,809	1,092,091
	$ 2,621,787	**$ 2,426,064**

14. ENDOWMENT

The Organization's endowments consist of funds established for a variety of purposes. Its endowments are comprised of donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA 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 that 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 the FUPMIFA.

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 fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(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
(7) The investment policy of the Organization

For the years ended June 30, 2018 and 2017, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

14. ENDOWMENT (CONTINUED)

Summary of Endowment Net Assets at June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 74,221	$ -	$ -	$ 74,221
Donor-restricted endowment funds	-	-	1,402,809	1,402,809
	$ 74,221	**$ -**	**$1,402,809**	**$1,477,030**

Changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, June 30, 2017	$ 69,783	$ -	$1,092,091	$1,161,874
Contributions	-	-	250,000	250,000
Investment income, net	4,438	-	119,865	124,303
Amounts appropriated for expenditure	-	-	(59,147)	(59,147)
Net assets, June 30, 2018	**$ 74,221**	**$ -**	**$1,402,809**	**$1,477,030**

Summary of Endowment Net Assets at June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 69,783	$ -	$ -	$ 69,783
Donor-restricted endowment funds	-	-	1,092,091	1,092,091
	$ 69,783	**$ -**	**$1,092,091**	**$1,161,874**

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, June 30, 2016	$ 62,759	$ -	$ 575,558	$ 638,317
Contributions	-	-	420,000	420,000
Investment income, net	7,024	-	131,258	138,282
Amounts appropriated for expenditure	-	-	(34,725)	(34,725)
Net assets, June 30, 2017	**$ 69,783**	**$ -**	**$1,092,091**	**$1,161,874**

Permanently Restricted Net Assets:	**June 30, 2018**	**June 30, 2017**
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	**$ 1,402,809**	**$ 1,092,091**

14. ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual temporarily and permanently donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018 and 2017.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies, approved by the Board of Directors, 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. 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.

Strategies Employed for Achieving Objectives

To satisfy long-term rate-of-return objectives, the Organization's assets are invested within market indexed mutual funds (NOTE 4).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating distributions based on written agreements with the donors. The spending policy calculates the amount of money annually distributed from the Organization's endowment funds. The spending policy allows for the Organization to distribute an annual amount of 5% of the fair value of the endowment fund measured on January 1. This policy is consistent with the Organization's objective to maintain the purchasing power of endowment assets as to provide additional real growth through investment return.

15. CLAIMS CONFERENCE GRANT

The Organization received grants from the Claims Conference in the amount of approximately $17,067,000 and $16,108,000 for the years ended June 30, 2018 and 2017, respectively. The Claims Conference grants are being used for the social service program for Holocaust survivors administered by the Organization. As of June 30, 2018, the Organization had a grant receivable balance from the Claims Conference in the amount of approximately $4,361,000, which is reflected in the Consolidated Statements of Financial Position in the caption "Grants and other receivables, net". As of June 30, 2017, the Organization had a deferred revenue from the Claims Conference in the amount of approximately $540,000, which is reflected in the Consolidated Statements of Financial Position in the caption "Deferred revenue".

Reimbursements from grants are recorded as support in the period when the expenditures are made. The Organization recognized grant revenue from the Claims Conference during the years ended June 30, 2018 and 2017.

Management believes the Organization has complied with the provisions of the grant agreements and the grant funds were expended exclusively for the purpose for which they were granted.

16. EMPLOYEE BENEFIT PLANS

The Organization sponsors two 403(b) Plans. For the year ended June 30, 2018, the Organization contributed a matching contribution of 50% of the employee's contribution up to 3% of the employee's wages. For both of the 403(b) Plans during the year ended June 30, 2018 contributions totaled approximately $44,000. For the year ended June 30, 2017, no employees were participating in the 403(b) Plans.

The Organization also maintains two deferred compensation plans qualifying under section 457(b) of the IRC for the Chief Executive Officer and Executive Director. For both plans during the years ended June 30, 2018, and 2017, contributions totaled approximately $9,000, and $31,000, respectively.

During the year ended June 30, 2017, the Organization sponsored a 401(k) Plan. During the year ended June 30, 2018, the Organization made the determination to terminate the 401(k) Plan and all of the assets were rolled over into the Organization's 403(b) Plan. There were no contributions made into the 401(k) Plan during the years ended June 30, 2018 and 2017.

17. COMMITMENTS AND CONTINGENCIES

Operating Leases

In June 2017, the Organization entered into two separate agreements to lease office space on the Federation's campus starting in July 1, 2018. These leases expire in June 2023, and June 2028. Additionally, the Organization leases its office equipment, under non-cancellable operating lease agreements with terms expiring at various dates through September 2021. Minimal annual rental commitments under long-term operating leases in effect at June 30, 2018 approximate the following:

Years ending June 30:	
2019	$ 248,000
2020	222,000
2021	184,000
2022	183,000
2023	183,000
Thereafter	611,000
	$ 1,631,000

Rent expense, including equipment rentals, amounted to approximately $259,000 and $213,000 for the years ended June 30, 2018 and 2017, respectively

Agreement with Jewish Community Services of South Florida

In April 2015, the Organization entered into a management services agreement related to its Homecare agency, with Jewish Community Services of South Florida, a Florida not-profit corporation ("the Manager"). The agreement commenced on September 1, 2015, the date homecare services were first provided, and runs for 36 months. In exchange for management services the Organization agrees to pay the Manager a fee of 25% of the Organization's Net Revenue, for the first 12 months of operations; 22% of net revenue for the second 12 months of operations and 20% of net revenue for the last 12 months of operations. The contract expires in September 2018. For the years ended June 30, 2018 and 2017 the management expense recorded by the Organization was approximately $670,000, and $656,000, respectively, which is reflected in the Statements of Functional Expenses in the caption "JCS management fee".

17. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's consolidated financial statements.