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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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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, a Florida non-profit organization, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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, 2019 and 2018, 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 21, 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2019	2018
Cash and cash equivalents (including restricted cash of $67,104 and $217,222, respectively)	$ 5,519,997	$ 1,995,440
Receivables:		
Grants and other receivables, net	100,716	4,384,803
Program service receivables, net	274,254	117,386
Pledges receivable, net	1,073,373	1,343,368
Investments	6,483,431	4,496,947
Beneficial interest in trust, at fair value	66,274	68,951
Prepaid expenses and other assets	472,830	132,467
Property and equipment, net	568,405	641,750
Deposits	18,271	24,251
TOTAL ASSETS	**$ 14,577,551**	**$ 13,205,363**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 1,564,583	$ 2,135,358
Line of credit	-	750,000
Deferred revenue	407,941	268,748
TOTAL LIABILITIES	1,972,524	3,154,106
COMMITMENTS AND CONTINGENCIES (NOTE 18)		
NET ASSETS		
Without donor restrictions	7,540,960	4,902,257
With donor restrictions	5,064,067	5,149,000
TOTAL NET ASSETS	12,605,027	10,051,257
TOTAL LIABILITIES AND NET ASSETS	**$ 14,577,551**	**$ 13,205,363**

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 ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
United Jewish Community of Broward County, Inc. allocation and grants	$ 570,000	$ -	$ 570,000	$ 634,000	$ -	$ 634,000
United Way allocation and grants	113,477	-	113,477	87,437	-	87,437
Claims Conference grants	18,561,502	-	18,561,502	17,067,359	-	17,067,359
Other grants	123,603	-	123,603	73,080	-	73,080
Program service fees	1,173,802	-	1,173,802	730,055	-	730,055
Public support and other	1,646,995	141,137	1,788,132	1,036,654	862,345	1,898,999
Special events	342,006	-	342,006	259,281	-	259,281
Change in value of split interest agreement	-	(2,677)	(2,677)	-	1,519	1,519
Investment income, net	315,881	59,406	375,287	383,249	119,865	503,114
Net assets released from restrictions	282,799	(282,799)	-	157,786	(157,786)	-
TOTAL REVENUES AND OTHER SUPPORT	23,130,065	(84,933)	23,045,132	20,428,901	825,943	21,254,844
Expenses:						
Program services	18,071,585	-	18,071,585	16,468,592	-	16,468,592
Supporing services						
Management and general	1,901,316	-	1,901,316	1,780,166	-	1,780,166
Fundraising	518,461	-	518,461	396,527	-	396,527
TOTAL EXPENSES	20,491,362	-	20,491,362	18,645,285	-	18,645,285
CHANGE IN NET ASSETS	2,638,703	(84,933)	2,553,770	1,783,616	825,943	2,609,559
NET ASSETS AT BEGINNING OF YEAR	4,902,257	5,149,000	10,051,257	3,118,641	4,323,057	7,441,698
NET ASSETS AT END OF YEAR	**$ 7,540,960**	**$ 5,064,067**	**$ 12,605,027**	**$ 4,902,257**	**$5,149,000**	**$ 10,051,257**

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, 2019

		Supporting Services			
	Program Services	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 9,858,280	$ 1,129,675	$ 255,316	$ 1,384,991	$ 11,243,271
Employee benefits and related costs	1,520,884	190,547	48,878	239,425	1,760,309
Direct assistance to Claims Conference clients	16,364,939	-	-	-	16,364,939
Direct assistance to other program clients	1,476,115	-	-	-	1,476,115
Rent - premises	199,141	39,582	12,089	51,671	250,812
Insurance	109,847	56,145	188	56,333	166,180
Advertising and marketing	189,344	12,815	17,972	30,787	220,131
Printing	18,987	4,060	1,500	5,560	24,547
Conferences, meetings and training	25,409	4,403	1,465	5,868	31,277
Dues and subscriptions	39,789	6,064	1,687	7,751	47,540
Contract services	127,508	-	-	-	127,508
JCS management fee	105,557	45,239	-	45,239	150,796
Professional fees	106,270	219,368	55,117	274,485	380,755
Office	195,375	34,475	9,160	43,635	239,010
Travel and automobile	129,207	5,508	2,109	7,617	136,824
Special events expenses	-	-	111,008	111,008	111,008
Postage and delivery	12,819	2,101	707	2,808	15,627
Telephone and internet	48,759	6,913	1,265	8,178	56,937
Depreciation and amortization	34,432	80,946	-	80,946	115,378
Bad debt	-	21,146	-	21,146	21,146
Interest expense	-	6,455	-	6,455	6,455
Other	19,447	35,874	-	35,874	55,321
Total functional expenses before intercompany elimination	30,582,109	1,901,316	518,461	2,419,777	33,001,886
Less: intercompany elimination	(12,510,524)	-	-	-	(12,510,524)
Net functional expenses	**$ 18,071,585**	**$ 1,901,316**	**$ 518,461**	**$ 2,419,777**	**$ 20,491,362**

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

		Supporting Services			
	Program Services	Management and General	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	1,330,248	181,289	36,959	218,248	1,548,496
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	80,563	44,319	3,059	47,378	127,941
Advertising and marketing	100,094	1,421	36,855	38,276	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	26,870,789	1,780,166	396,527	2,176,693	29,047,482
Less: intercompany elimination	(10,402,197)	-	-	-	(10,402,197)
Net functional expenses	**$ 16,468,592**	**$ 1,780,166**	**$ 396,527**	**$ 2,176,693**	**$ 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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,553,770	$ 2,609,559
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	115,378	47,151
Loss on disposals	-	10,551
Bad debt expense	21,146	6,000
Net realized/unrealized gains on investments	(60,853)	(373,366)
Accretion of discount on pledge receivable	(133,635)	(135,005)
Change in value of split interest agreement	2,677	(1,519)
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants and other receivables	4,284,087	(4,351,353)
Program service and pledge receivables	(274,384)	48,606
Prepaid expenses and other assets	(42,458)	(9,331)
Deposits	5,980	(4,203)
(Decrease) increase in:		
Accounts payable and accrued expenses	(570,775)	182,420
Deferred revenue	139,193	(315,775)
Deferred rent	-	(19,538)
TOTAL ADJUSTMENTS	3,486,356	(4,915,362)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,040,126	(2,305,803)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(42,033)	(630,381)
Acquisition of medicare license	(297,905)	-
Proceeds from investments	1,676,051	2,027,092
Purchases of investments	(3,601,682)	(1,258,807)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(2,265,569)	137,904
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	754,205	750,000
Repayments on line of credit	(1,504,205)	-
Collection on pledge receivable	500,000	250,000
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(250,000)	1,000,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,524,557	(1,167,899)
CASH AND CASH EQUIVALENTS (including restricted cash) - BEGINNING OF YEAR	1,995,440	3,163,339
CASH AND CASH EQUIVALENTS (including restricted cash) - END OF YEAR	**$ 5,519,997**	**$ 1,995,440**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	**$ 6,455**	**$ -**

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

1. ORGANIZATION

Organization and Basis of Presentation

Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. ("JFS" and, together with its affiliates, the "Organization") 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, Jewish Family Services of Broward Foundation, Inc. (the "Foundation") was formed as a separate fundraising entity to raise and distribute funds for the benefit of JFS 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.

Jewish Family Home Care, Inc. ("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. On March 20, 2019, the JFHC acquired 100% interest in Nursing Plus of Broward, LLC ("Nursing Plus Broward"). Nursing Plus Broward is a Medicare Certified Home Health Agency (NOTE 17).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of JFS, JFHC, and the Foundation which are under common control and collectively referred to as the Organization. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The consolidated financial statements are prepared using the accrual basis of accounting under 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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

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 Investment.

Restricted Cash

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

2. SUMMARY OF SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables, Net

The Organization receives a significant portion of its revenue from grants and contracts. 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 grant 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 other receivables at year end represent expenditures and/or units of service performed, which have not been reimbursed by the granting agency.

Program Service Receivables and Revenue, Net

Program service 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 $303,000 and $139,000 at June 30, 2019 and 2018, respectively, are presented net of contractual adjustments and an estimated allowance for doubtful accounts of approximately $29,000 and $22,000 at June 30, 2019 and 2018, 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. Management reviews the collectability of receivables and assesses the need for an allowance for doubtful accounts based on the Organization's receivable collection experience and management's evaluation and pertinent factors. Account balances are charged off against the allowance after all commercially reasonable means of collection have been exhausted and 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 revalues 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 investments and money market accounts.

Investments

Investments are primarily comprised of equities, bonds, and mutual funds. Investments are carried at fair value determined by quoted market values. Investments gains and losses (including gains and losses on investments, interest, and dividends) are included in the Consolidated Statements of Activities. Investment gains restricted by a donor are reported as increases in donor restricted net assets unless the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

Property and Equipment, Net

Property and equipment are recorded at cost when purchased or, if contributed, are recorded at the fair value at the time of the contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

The estimated lives used in determining depreciation and amortization are:

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

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in the revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or estimate of fair value based on discounted cash flows.

Prepaid Expenses and Other Assets

Prepaid expenses consist primarily of expenses for a Medicare License (NOTE 17), 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.

Federation Allocation and Grants

The Organization receives support from the Federation. For the years ended June 30, 2019 and 2018, the Organization received support in the amount of $570,000 and $634,000, 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, 2020, aggregating approximately $570,000. 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.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as “Net assets released from restrictions.”

The Organization reports gifts of goods and equipment as net assets without donor restrictions 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 net assets with donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Goods and Services

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting services are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, mortality, and other factors, especially in the absence of forward market for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates. The carrying amount of all financial assets and liabilities approximates fair value.

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, 2019, and 2018, 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.

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, 2019 and 2018 approximately 80% and 84%, respectively, of total revenue and support without donor restrictions was from the Claims Conference. As of June 30, 2019 and 2018, grants receivable from the Claims Conference represented approximately 1% and 33%, respectively, of total assets. The loss in funding of this grant could have a significant negative impact on the Organization's operations. Management understands that this grant depends on the availability of funds and the life expectancies of the Holocaust survivors.

At June 30, 2019 and 2018, approximately 85% and 93%, respectively, of pledges receivable is due from one donor.

Management 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, and those differences could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016.

Nursing Plus Broward is treated as a disregarded entity for federal and state income tax purposes and, accordingly, would not incur income taxes or have any unrecognized tax benefits. Instead, the earnings and losses are included in the income tax returns of its sole member, JFHC. As a result, the accompanying financial statements do not reflect a provision for income taxes.

Adopted Accounting Pronouncements

<u>Classification of Restricted Cash</u>

In November 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this update did not have a material effect on the Organization's consolidated financial statements.

<u>Presentation of Financial Statements of Not-for-Profit Entities</u>

During the year ended June 30, 2019, the Organization adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that statements of cash flows using the direct method also present a reconciliation consistent with the indirect method. The Organization has applied the update retrospectively to all periods presented and adjusted the presentation of these consolidated financial statements accordingly. As a result, the Organization has reclassified amounts formerly classified as unrestricted net assets to net assets without donor restrictions, as well as, temporarily restricted and permanently restricted net assets to net assets with donor restrictions. The adoption of this update has no other material effect on the Organization's consolidated financial position and changes in net assets. In addition, the Organization has elected to continue to present the Consolidated Statements of Cash Flows using the indirect method and continues to include a separate Consolidated Statements of Functional Expenses in its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. 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. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The update is effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The effective dates have tentatively been extended to fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. The Organization is evaluating the method of adoption it will elect.

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standard update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its consolidated financial statements.

Reclassifications

Certain items in the 2018 consolidated financial statements were reclassified to conform to the 2019 presentation.

Subsequent Events

The Organization has evaluated subsequent events through November 21, 2019, which is the date the consolidated financial statements were available to be issued.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization considers general expenditures to be all expenditures related to its ongoing activities to accomplish its mission as well as the conduct of services undertaken to support those activities, to be general expenditures. The Organization holds cash in various interest-bearing bank accounts with well-known financial institutions. Additionally, the Organization has adopted investment and spending policies that attempt to provide a predictable stream of income to programs and operations supported by its investments. Furthermore, the Board reviews the consolidated Statements of Financial Position and consolidated Statements of Activities results periodically. The Organization also has a line of credit available which can be used to meet general expenditures within one year (NOTE 10).

The Organization's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

Cash	$ 5,519,997
Grants and other receivables, net	100,716
Program service receivables, net	274,254
Pledges receivable in less than one year	216,560
Investments	6,483,431
Total financial assets available within one year	12,594,958
Less: amounts unavailable to management due to donor imposed restrictions	(1,889,164)
Total financial assets available to management	**$ 10,705,794**

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

At June 30, 2019 and 2018, the Organization had funds held and administrated by the Federation in the amount of approximately $2,346,000 and $2,321,000, respectively. The assets are held by the Federation; however, the Organization has its own sub-account. During the years ended June 30, 2019 and 2018, these funds were held in investments.

Funds held by the Federation consist of the following at June 30,:

	2019	2018
Domestic equities	$ 878,021	$ 868,548
Fixed income	775,879	792,525
International equities	691,614	659,558
	$ 2,345,514	**$ 2,320,631**

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

	2019	2018
Interest and dividend income	$ 202,919	$ 41,731
Net realized/unrealized (losses) gains	(90,545)	84,955
Fees	(7,128)	(4,337)
	$ 105,246	**$ 122,349**

5. INVESTMENTS

The Organization had additional investments, other than the Funds Held by the United Jewish Community of Broward County Inc., of approximately $4,138,000 and $2,176,000 as of June 30, 2019 and 2018, respectively.

These additional investments consist of the following at June 30,;

	2019	2018
Money markets	$ 387,381	$ -
Domestic equities	2,485,084	1,763,348
Fixed income	571,150	130,287
International equities	694,302	282,681
	$ 4,137,917	**$ 2,176,316**

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

	2019	2018
Interest and dividend income	$ 91,989	$ 77,413
Net realized/unrealized gains, net	151,399	288,411
	$ 243,388	**$ 365,824**

Additionally, for the years ended June 30, 2019 and 2018 approximately $27,000 and $15,000, respectively, was included within the caption “Investment income, net” on the Consolidated Statements of Activities related to interest income on money market accounts reflected within the caption “Cash and cash equivalents” on the Consolidated Statements of Financial Position.

6. 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, 2019 and 2018.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

For the years ended June 30, 2019 and 2018, 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, 2019 and 2018. Money market funds are carried at cost, which approximates fair value.

Money market funds: Valued based on quoted prices in active markets for identical securities.

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, 2019 and 2018:

		Fair Value Measurements		
Description	**6/30/2019**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Money market funds	$ 387,381	$ 387,381	$ -	$ -
Equities:				
Domestic	3,363,105	3,363,105	-	-
Fixed Income	1,347,029	1,347,029	-	-
International	1,385,916	1,385,916	-	-
	$ 6,483,431	**$ 6,483,431**	**$ -**	**$ -**

		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	$ 2,631,896	$ 2,631,896	$ -	$ -
Fixed Income	922,812	922,812	-	-
International	942,239	942,239	-	-
	$ 4,496,947	**$ 4,496,947**	**$ -**	**$ -**

7. PLEDGES RECEIVABLE, NET

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

	2019	**2018**
Less than one year	$ 216,560	$ 110,890
One to five years	4,200	13,500
More than five years	1,250,000	1,750,000
Total pledges receivable	1,470,760	1,874,390
Less: discounts to net present value	(397,387)	(531,022)
Pledges receivable, net	**$ 1,073,373**	**$ 1,343,368**

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

8. PROPERTY AND EQUIPMENT, NET

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

	2019	2018
Leasehold improvements	$ 606,737	$ -
Furniture and equipment	45,377	20,857
Computer equipment	76,509	50,549
Vehicles	18,500	18,500
Construction in progress	-	615,184
	747,123	705,090
Less: Accumulated depreciation and amortization	(178,718)	(63,340)
Property and equipment, net	**$ 568,405**	**$ 641,750**

Depreciation and amortization for the years ended June 30, 2019 and 2018 was approximately $115,000 and $47,000, respectively.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2019	2018
Accounts payable	$ 957,717	$ 1,544,796
Accrued payroll	407,465	324,271
Accrued vacation	114,992	91,314
Management fee payable (NOTE 18)	-	124,258
Other accruals	84,409	50,719
	$ 1,564,583	**$ 2,135,358**

10. 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 (6.25% and 5.75% at June 30, 2019 and 2018, respectively). 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 November 15, 2019. Bank advances on the credit line carry an interest rate of 0.50% per annum plus the United States prime rate (6.00% at June 30, 2019).

As of June 30, 2019 and 2018, the outstanding balance on these lines of credit was $0 and $750,000, respectively. For the year ended June 30, 2019, interest expense on the lines of credit was approximately $6,500. For the year ended June 30, 2018, there was no interest expense.

On October 30, 2019, the Organization amended its line of credit and increased the borrowing capacity under the line to $2,500,000. The line now matures on November 15, 2020.

11. CHARITABLE REMAINDER TRUST AND NET ASSETS WITH DONOR RESTRICTIONS

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 $66,000 and $69,000 at June 30, 2019 and 2018, 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 $(2,677) and $1,519 for the years ended June 30, 2019 and 2018, respectively, which is reflected in the Consolidated Statements of Activities in the caption "Change in value of split interest agreement."

Net assets with donor restrictions at June 30, 2019 and 2018 consist of the Organization's prorated discounted interest in the fair value of the irrevocable charitable remainder unitrust totaling approximately $66,000 and $69,000, respectively.

12. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2019 and 2018, approximately $78,000 and $74,000, respectively, of net assets without donor restrictions has been designated by the board for non-specific future purposes. These funds have been invested with the Federation.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30,:

	2019	2018
Net assets with time and purpose restrictions:		
Beneficial interest in trust	$ 66,274	$ 68,951
Lifeline campaign pledges	16,100	41,100
Cash and pledges for the Cupboard	121,764	241,760
Investments restricted for seniors	2,110,650	2,110,650
Cash restricted for various programs	-	64,752
Net assets to be held in perpetuity:		
Pledges receivable	860,115	1,218,978
Investments	1,889,164	1,402,809
	$ 5,064,067	**$ 5,149,000**

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.

14. ENDOWMENT (CONTINUED)

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 net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

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, 2019 and 2018, the Organization has elected not to add appreciation for cost of living or other spending policies to its endowment for inflation and other economic conditions

Summary of Endowment Net Assets at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 77,868	$ -	$ 77,868
Donor-restricted endowment funds	-	1,889,164	1,889,164
	$ 77,868	**$ 1,889,164**	**$ 1,967,032**

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2018	$ 74,221	$ 1,402,809	$ 1,477,030
Contributions	-	500,000	500,000
Investment income, net	3,647	59,406	63,053
Amounts appropriated for expenditure	-	(73,051)	(73,051)
Net assets, June 30, 2019	**$ 77,868**	**$ 1,889,164**	**$ 1,967,032**

14. ENDOWMENT (CONTINUED)

Summary of Endowment Net Assets at June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	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:

	Without Donor Restrictions	With Donor Restrictions	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**

	June 30, 2019	June 30, 2018
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	$ 1,889,164	$ 1,402,809

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, 2019 and 2018.

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 5).

14. ENDOWMENT (CONTINUED)

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 and 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 $18,562,000 and $17,067,000 for the years ended June 30, 2019 and 2018, respectively. The Claims Conference grants are being used for the social service program for Holocaust survivors administered by the Organization. As of June 30, 2019 and 2018, the Organization had a grant receivable balance from the Claims Conference in the amount of approximately $44,000 and $4,361,000, respectively, which is reflected in the Consolidated Statements of Financial Position in the caption "Grants and other receivables, net."

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, 2019 and 2018.

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 years ended June 30, 2018 and June 30, 2019, 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 years ended June 30, 2019 and 2018 contributions totaled approximately $42,000 and $44,000, respectively.

The Organization also maintains two deferred compensation plans qualifying under section 457(b) of the IRC for the Chief Executive Officers of JFS and JFHC. For both plans during each of the years ended June 30, 2019 and 2018, contributions totaled approximately $13,000 and $9,000, 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 year ended June 30, 2018.

17. ACQUISITION OF NURSING PLUS BROWARD

On March 20, 2019, the Organization acquired 100% interest in Nursing Plus Broward through stock purchase agreements for approximately $298,000, including direct legal costs. Nursing Plus Broward is a Medicare Certified Home Health Agency that operates in Broward County, Florida. The Organization has accounted for the acquisition as an asset acquisition as substantially all the fair value of the gross assets acquired were concentrated in a single identifiable asset, the Medicare License. The license has an indefinite life, thus it is not being amortized. Management tests the Medicare License for impairment annually. No impairment on the license was taken during the year ended June 30, 2019. The cost of the acquisition is included with "Prepaid expenses and other assets" on the Consolidated Statements of Financial Position.

18. COMMITMENTS AND CONTINGENCIES

Operating Leases

In February 2017, the Organization entered an operating lease for space in Davie, Florida. This location is used for the Organization's food pantry. This lease expires in January 2020.

In June 2017, the Organization entered into two separate agreements to lease its main office space on the Federation's campus starting in July 1, 2018. These leases expire in June 2023 and June 2028.

In March 2018, the Organization entered into an agreement to lease space in Parkland Florida. This lease expires in February 2020.

In May 2019, the Organization entered into a lease for office space in Hollywood, Florida. This lease expires in April 2021.

Additionally, the Organization leases its office equipment, under non-cancellable operating lease agreements with terms expiring at various dates through September 2022. Minimal annual rental commitments under long-term operating leases in effect at June 30, 2019 approximate the following:

Years ending June 30,:		
2020	$	301,000
2021		256,000
2022		206,000
2023		183,000
2024		122,000
Thereafter		489,000
	$	**1,557,000**

Rent expense, including equipment rentals, amounted to approximately $251,000 and $259,000 for the years ended June 30, 2019 and 2018, respectively**.**

Agreement with Jewish Community Services of South Florida

In April 2015, the Organization entered into a management services agreement related to JFHC, 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 JFHC'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 expired on September 2018. For the years ended June 30, 2019 and 2018 the management expense recorded by the Organization was approximately $151,000, and $670,000, respectively, which is reflected in the Consolidated Statements of Functional Expenses in the caption "JCS management fee."

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 is not expected to have a material effect on the Organization's consolidated financial statements.