JEWISH FAMILY & CHILDREN'S SERVICES
OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.

CONSOLIDATING AND CONSOLIDATED
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2018

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CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family & Children's Services of Northern New Jersey, Inc.
and Jewish Family Service Foundation, Inc.

We have audited the accompanying consolidating and consolidated financial statements of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc., which comprise the consolidating statement of financial position as of June 30, 2018, and the related consolidating statements of activities and functional expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating and 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 consolidating and 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 consolidating and 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 consolidating and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc. as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
February 11, 2019

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Jewish Family & Children's Services of Northern New Jersey, Inc.	Jewish Family Service Foundation, Inc.	Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents	$ 120,629	$ 191,810	$ -	$ 312,439
Investments	4,275	258,396	-	262,671
Accounts receivable, net	645,510	-	-	645,510
Contributions receivable	24,239	-	-	24,239
Charitable remainder annuity trust	110,448	-	-	110,448
Due from JFCSNNJ	-	80,000	(80,000)	-
Prepaid expenses and other assets	77,983	-	-	77,983
Cemetery plots	7,200	-	-	7,200
Property and equipment, net	1,081,623	-	-	1,081,623
TOTAL ASSETS	$ 2,071,907	$ 530,206	$ (80,000)	$ 2,522,113
LIABILITIES AND NET ASSETS				
Liabilities:				
Bank overdraft	$ 58,960	$ -	$ -	$ 58,960
Accounts payable and accrued expenses	515,422	-	-	515,422
Due to the Foundation	80,000	-	(80,000)	-
Deferred income	31,043	-	-	31,043
Security deposits payable	2,194	-	-	2,194
Mortgage payable, net	384,049	-	-	384,049
Total liabilities	1,071,668	-	(80,000)	991,668
Commitments and contingencies (Notes 8, 12 and 13)				
Net assets:				
Unrestricted	519,117	530,206		1,049,323
Temporarily restricted	135,620	-	-	135,620
Permanently restricted	345,502	-	-	345,502
Total net assets	1,000,239	530,206	-	1,530,445
TOTAL LIABILITIES AND NET ASSETS	$ 2,071,907	$ 530,206	$ (80,000)	$ 2,522,113

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Jewish Family & Children's Services of Northern New Jersey, Inc.				Jewish Family Service Foundation, Inc.		
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Eliminations	Consolidated Total
Public support and other revenue:								
Public support:								
Jewish Federation of Northern New Jersey		$ 846,626	$ -	$ -	$ 846,626	$ -	$ -	$ 846,626
Grant income		2,183,892	-	-	2,183,892	-	-	2,183,892
Contributions		376,273	-	-	376,273	-	(40,000)	336,273
Fundraising events	$ 564,113							
Less: direct costs	125,730							
Net fundraising events revenue		438,383	-	-	438,383	-	-	438,383
Total public support		3,845,174	-	-	3,845,174	-	(40,000)	3,805,174
Other revenue:								
Counseling fees		720,350	-	-	720,350	-	-	720,350
Program fees - school-based services		1,750,158	-	-	1,750,158	-	-	1,750,158
Other program fees		95,854	-	-	95,854	-	-	95,854
Change in annuity trust		100,846	-	-	100,846	-	-	100,846
Rental income	$ 25,200		-	-	-	-	-	-
Less: rental expenses	44,493		-	-	-	-	-	-
Net rental loss		(19,293)	-	-	(19,293)	-	-	(19,293)
Investment income		6,065	-	-	6,065	7,252	-	13,317
Other		14,213	-	-	14,213	-	-	14,213
Total other revenue		2,668,193	-	-	2,668,193	7,252	-	2,675,445
Net assets released from restrictions		18,332	(18,332)	-	-	-	-	-
Total public support and other revenue		6,531,699	(18,332)	-	6,513,367	7,252	(40,000)	6,480,619
Expenses:								
Program services:								
Family counseling		905,975	-	-	905,975	-	-	905,975
Senior adults		2,732,625	-	-	2,732,625	-	-	2,732,625
Adult case management		184,377	-	-	184,377	-	-	184,377
School-based services		1,290,451	-	-	1,290,451	-	-	1,290,451
Community social work		95,875	-	-	95,875	-	-	95,875
Camp		2,077	-	-	2,077	-	-	2,077
Total program services		5,211,380	-	-	5,211,380	-	-	5,211,380
Supporting services:								
Management and general		1,094,730	-	-	1,094,730	40,000	(40,000)	1,094,730
Fundraising		287,761	-	-	287,761	-	-	287,761
Total supporting services		1,382,491	-	-	1,382,491	40,000	(40,000)	1,382,491
Total expenses		6,593,871	-	-	6,593,871	40,000	(40,000)	6,593,871
Change in net assets		(62,172)	(18,332)	-	(80,504)	(32,748)	-	(113,252)
Net assets - beginning of year		581,289	153,952	345,502	1,080,743	562,954	-	1,643,697
NET ASSETS - END OF YEAR		$ 519,117	$ 135,620	$ 345,502	$ 1,000,239	$ 530,206	$ -	$ 1,530,445

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC. AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services							Supporting Services					
	Family Counseling	Senior Adults	Adult Case Management	School-Based Services	Community Social Work	Camp	Program Services Total	Management and General	Fund-raising	Direct Cost of Fund-raising Events	Rental Expenses	Supporting Services Total	Grand Total
Personnel costs:													
Salaries	$ 388,750	$ 519,172	$ 114,415	$ 740,295	$ 86,878	$ -	$1,849,510	$ 473,835	$ 236,221	$ -	$ -	$ 710,056	$ 2,559,566
Payroll taxes and employee benefits	50,493	67,979	13,406	83,386	8,079	-	223,343	168,473	24,724	-	-	193,197	416,540
Total personnel costs	439,243	587,151	127,821	823,681	94,957	-	2,072,853	642,308	260,945	-	-	903,253	2,976,106
Other expenses:													
Professional, counseling and staffing fees	342,520	1,610,314	9,361	347,656	(695)	-	2,309,156	124,168	9	-	-	124,177	2,433,333
Accounting and other fees	-	-	-	-	-	-	-	82,944	-	-	-	82,944	82,944
Supplies	1,223	9,716	1,565	14,336	65	-	26,905	26,989	704	-	-	27,693	54,598
Assistance to individuals	-	140,001	28,201	-	-	2,077	170,279	2,604	-	-	-	2,604	172,883
Staff travel and development	6,502	8,092	193	2,178	1,548	-	18,513	2,108	1,105	-	-	3,213	21,726
Telephone	-	-	-	-	-	-	-	24,471	-	-	-	24,471	24,471
Postage and shipping	62	2,096	-	143	-	-	2,301	6,064	3,303	-	-	9,367	11,668
Minor equipment	507	4,527	875	2,034	-	-	7,943	19,902	2,085	-	-	21,987	29,930
Printing and design	-	-	-	-	-	-	-	10,803	10,445	-	-	21,248	21,248
Advertising and public relations	2,195	2,967	399	-	-	-	5,561	44,330	4,102	-	-	48,432	53,993
Food and venue	23,271	32,670	50	70,082	-	-	126,073	10,192	-	125,730	-	135,922	261,995
Food - KMOW	-	223,568	-	-	-	-	223,568	-	-	-	-	-	223,568
Dues and conferences	2,653	5,529	150	-	-		8,332	6,781	565	-	-	7,346	15,678
Rent and occupancy	63,817	79,773	305	23,000	-	-	166,895	17,512	-	-	28,155	45,667	212,562
Bad debt expense	-	-	-	-	-	-	-	29,718	-	-	-	29,718	29,718
Insurance	7,150	9,387	4,022	4,916	-	-	25,475	14,749	2,682	-	1,788	19,219	44,694
Interest	-	-	-	-	-	-	-	14,239	-	-	5,462	19,701	19,701
Depreciation	16,832	16,834	11,435	2,425	-	-	47,526	14,444	1,816	-	9,088	25,348	72,874
Miscellaneous	-	-	-	-	-	-	-	404	-	-	-	404	404
Total other expenses	466,732	2,145,474	56,556	466,770	918	2,077	3,138,527	452,422	26,816	125,730	44,493	649,461	3,787,988
TOTAL EXPENSES	905,975	2,732,625	184,377	1,290,451	95,875	2,077	5,211,380	1,094,730	287,761	125,730	44,493	1,552,714	6,764,094
Less: expenses deducted directly from revenues on the consolidating statement of activities:													
Direct cost of fundraising events	-	-	-	-	-	-	-	-	-	125,730	-	125,730	125,730
Rental expenses	-	-	-	-	-	-	-	-	-	-	44,493	44,493	44,493
Total expenses reported by function on the consolidating statement of activities	$ 905,975	$ 2,732,625	$ 184,377	$ 1,290,451	$ 95,875	$ 2,077	$5,211,380	$ 1,094,730	$ 287,761	$ -	$ -	$ 1,382,491	$ 6,593,871

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:		
Change in net assets	$	(113,252)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments		(11,456)
Donated securities		(1,034)
Bad debt expense		29,718
Depreciation		72,874
Amortization of deferred financing costs		589
Changes in assets and liabilities:		
Accounts receivable		(107,363)
Contributions receivable		(13,614)
Prepaid expenses and other assets		(39,443)
Deferred financing costs		(7,853)
Charitable remainder annuity trust		(1,861)
Accounts payable and accrued expenses		125,691
Deferred income		3,322
Annuity and split interest agreement payable		(100,846)
Net cash used in operating activities		(164,528)
Cash flows from investing activities:		
Proceeds from sale of investments		214,155
Purchases of investments		(140,000)
Purchase of fixed assets		(70,574)
Net cash provided by investing activities		3,581
Cash flows from financing activities:		
Principal payments of mortgage payable		(18,250)
Proceeds from mortgage refinancing, net		17,387
Bank overdraft		(51,067)
Net cash used in financing activities		(51,930)
Net decrease in cash and cash equivalents		(212,877)
Cash and cash equivalents - beginning		525,316
CASH AND CASH EQUIVALENTS - ENDING	$	312,439
Supplemental disclosure of cash flow information:		
Interest paid	$	19,112
Supplemental schedule for noncash financing activities:		
Proceeds from mortgage refinancing	$	400,000
Less: prepayment of previous mortgage balance		382,613
Proceeds from mortgage refinancing, net	$	17,387

See accompanying notes to consolidating and consolidated financial statements.

NOTE 1. NATURE OF ORGANIZATION

Jewish Family Services, Inc. ("JFS") was organized on December 4, 1978. Effective January 1, 2017, Jewish Family Service of North Jersey, Inc., with offices in Fair Lawn and Wayne, merged with JFS, which is the surviving organization, to form Jewish Family and Children's Services of Northern New Jersey, Inc. ("JFCSNNJ").

Jewish Family Service Foundation, Inc. ("JFSF") was organized in 2009 and began operations in 2012 with the sole purpose of raising funds to support JFCSNNJ.

The JFCSNNJ mission statement reads:

> Based on Jewish tradition and values, JFCSNNJ's mission is to strengthen and enhance the well-being of all who call upon us by providing professional and compassionate human services to effectively meet life's many challenges.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation
The accompanying consolidating and consolidated financial statements include the accounts of JFCSNNJ and JFSF (collectively referred to as the "Organization"). The financial statements have been consolidated because JFCSNNJ maintains an economic interest in and control of JFSF through common board membership and the ability to elect JFSF board members. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting
The accompanying consolidating and consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in accordance with accounting requirements for not-for-profit organizations. The Organization classifies net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions.

The net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are net assets whose use has been limited by donors to a specific time period and/or purpose.
- Permanently restricted net assets are subject to donor-imposed stipulations that the principal corpus be maintained in perpetuity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncements

Effective for the year ending June 30, 2019, the Organization will be required to adopt Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements for Not-for-profit Entities,* which changes the presentation of not-for-profit financial statements. The new guidance reduces the number of net asset classes from three to two and increases disclosures about financial measures and liquidity risks, among other changes. The effect of adopting this new guidance on the Organization's consolidating and consolidated financial statements and related disclosures has not yet been determined.

Effective for the year ending June 30, 2020, the Organization will adopt the provisions of FASB ASU No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers,* which will replace the current revenue recognition guidance pertaining to contracts with customers contained in U.S. GAAP. The effect of adopting ASU 2014-09 on the Organization's consolidating and consolidated financial statements and related disclosures has not yet been determined.

Effective for the year ending June 30, 2021, the Organization will adopt the provisions of FASB ASU No. 2016-02 ("ASU 2016-02"), *Leases*, which requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. The effect of adopting ASU 2016-02 on the Organization's consolidating and consolidated financial statements and related disclosures has not yet been determined.

Use of estimates

The preparation of consolidating and 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 consolidating and consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Fair value measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a 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).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Categorization within the valuation hierarchy is based upon the lowest level of 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. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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 or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted 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.

Donations-in-kind

Donations of noncash assets are recorded at their fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, are recorded at their fair values in the period received.

The Organization received in-kind donations for the fundraising event which is included in fundraising event revenue and related direct costs in the accompanying consolidating statement of activities. The value of the donated items has been estimated to be $10,250 for the year ended June 30, 2018.

Accounts receivable

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. On a periodic basis, management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2018, there was no allowance for doubtful accounts for accounts receivable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management evaluates such contributions receivable and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2018, there was no allowance for doubtful accounts for contributions receivable.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the consolidating statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

Property and equipment

Property and equipment are stated at cost if acquired or at their fair values at the date of donation. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets with a cost of $1,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from five to 10 years for furniture and equipment and 10 to 30 years for building and improvements. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Revenue and support recognition

The Organization derives revenue and support primarily from grants, contributions, and program and counseling fees.

Contributions, including beneficial interests in remainder trusts, are recognized as revenue when they are unconditionally promised. Conditional promises to give are recognized as contributions when substantially all conditions are met. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statement of activities as "Net assets released from restrictions."

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Special event income is recognized when the event has taken place.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and support recognition (continued)

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Advances from grantor agencies prior to the Organization's expenditures are reflected on the accompanying consolidating statement of financial position as "Deferred income."

Revenue generated from program and counseling fees is recognized when such services are rendered.

Advertising

Advertising costs are expensed as incurred and aggregated $53,993 for the year ended June 30, 2018.

Deferred financing costs

Deferred financing costs are recorded at cost and are amortized using the straight-line method, which approximates the effective interest method, over the terms of the respective loan. Amortization of loan fees amounted to $589 for the year ended June 30, 2018, and is included in "Management and general" on the accompanying consolidating statement of activities. The corresponding mortgage payable is shown net of unamortized loan cost at June 30, 2018.

Allocation of expenses

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

Income taxes

JFCSNNJ and JFSF qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code (the "IRC"). As a not-for-profit entity, the Organization is subject to unrelated business income tax, if applicable.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the accompanying consolidating and consolidated financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through February 11, 2019, the date on which these consolidating and consolidated financial statements were available to be issued.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash and cash equivalent balances with financial institutions which were routinely in excess of federal insurance limits during the year ended June 30, 2018. The Organization has not experienced any losses in these accounts, and management does not believe the Organization is exposed to any significant credit risks with respect to cash and cash equivalents.

Revenue from the after school program accounted for 27% of total public support and other revenue during the year ended June 30, 2018.

Revenue from Jewish Federation of Northern New Jersey ("JFNNJ") accounted for 13% of total public support and other revenue during the year ended June 30, 2018.

Revenue from Conference on Jewish Material Claims Against Germany, Inc. accounted for 27% of total public support and other revenue during the year ended June 30, 2018.

Additionally, JFNNJ accounted for 15% of total accounts receivable at June 30, 2018. Conference on Jewish Material Claims Against Germany, Inc. accounted for 71% of total accounts receivable at June 30, 2018.

NOTE 4. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost); and

c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table presents the investments measured at fair value by level at June 30, 2018:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2018	Valuation Technique
Money market funds	$ 4,275	$ -	$ -	$ 4,275	(a)
JFNNJ pooled investment account	-	258,396	-	258,396	(a)
Total	$ 4,275	$ 258,396	$ -	$ 262,671	

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds - valued at cost plus accrued interest, which approximates fair value due to the liquidity of the investment.

JFNNJ pooled investment account - valued at JFCSNNJ's share of the investments of the JFNNJ pooled investments as reported by JFNNJ and its investment managers and advisors. The methods and procedures used to value these investments may include but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value, absent readily available market values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5. CHARITABLE REMAINDER ANNUITY TRUST

The Organization is the trustee of a Charitable Reminder Annuity Trust (the "Trust"), and is also the beneficiary of the remainder interest. Under the split-interest agreements terms, the donor and surviving beneficiary are to receive an annual annuity amount of $7,923, which is equal to 5% of the initial fair market value of the assets of the Trust. At the time of the surviving beneficiary's death, the Trust is to terminate, and the remaining assets will be distributed to the Organization. The surviving beneficiary passed away in March 2018. The Trust is in the process of liquidation. Proceeds of approximately $120,000 is expected to be distributed to the Organization during the fiscal year ending June 30, 2019.

NOTE 5. CHARITABLE REMAINDER ANNUITY TRUST (CONTINUED)

The following table presents the Trust measured at fair value by level at June 30, 2018:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2018	Valuation Technique
Money market funds	$ 5,593	$ -	$ -	$ 5,593	(a)
Mutual funds:					
Domestic equities	59,679	-	-	59,679	(a)
International equities	9,726	-	-	9,726	(a)
Fixed income	35,450	-	-	35,450	(a)
Subtotal	104,855	-	-	104,855	
Total	$ 110,448	$ -	$ -	$ 110,448	

See Note 4 for the description of the valuation methodologies and techniques used for these assets.

NOTE 6. PROPERTY AND EQUIPMENT

The following is an analysis of property and equipment as of June 30, 2018:

	Cost	Accumulated Depreciation	Net
Land	$ 536,700	$ -	$ 536,700
Building and improvements	1,109,087	(614,150)	494,937
Furniture and equipment	178,196	(128,210)	49,986
	$ 1,823,983	$ (742,360)	$ 1,081,623

Depreciation expense for the year ended June 30, 2018, was $72,874.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

During the year ended June 30, 2018, $18,332 was released from the Holocaust Survivor Assistance Fund by incurring expenses satisfying the restricted purposes.

At June 30, 2018, temporarily restricted net assets were available for the following purposes:

Child counseling	$	20,014
Senior adults		23,676
Maier Bat Mitzvah		13,975
President's fund		18,526
Bergenfield designated		18,383
Koch and Moskow designated		25,000
Remainder annuity trust		7,432
Other programs		8,614
	$	135,620

NOTE 8. MORTGAGE PAYABLE

In April 2010, JFCSNNJ entered into a mortgage agreement with a financial institution in the original amount of $610,000, which bore interest at the rate of 6.25% per annum. Payment of principal and interest was due in monthly installments of $5,261. The loan was secured by the building located in Teaneck, New Jersey, and was due on May 1, 2025.

In September 2017, JFCSNNJ entered into a 10-year mortgage agreement with another financial institution in the amount of $400,000 which bears interest at the rate of 4.19% per annum. The mortgage proceeds were used to pay off the original mortgage discussed above. The loan is secured by the building located in Teaneck, New Jersey, and is due on October 10, 2027. A secured line of credit for a maximum amount of $250,000 was also granted to JFCSNNJ, as further described in the mortgage agreement. Borrowings under this line of credit bear interest at the rate of Prime plus 1% per annum (6% at June 30, 2018). There was no outstanding balance on this line of credit at June 30, 2018.

Principal payments due in each of the next five years and thereafter at June 30, 2018, are as follows:

Year ending June 30:		Amount
2019	$	13,408
2020		13,943
2021		14,593
2022		15,222
2023		15,872
Thereafter		318,275
		391,313
Less: unamortized deferred financing costs		7,264
	$	384,049

Interest expense amounted to $19,701, including the amortization of loan fees of $589 for the year ended June 30, 2018.

NOTE 9. PERMANENTLY RESTRICTED NET ASSETS (ENDOWMENTS)

Interpretation of relevant law

The board of trustees of JFCSNNJ follows New Jersey guidelines under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA provides that the governing board may appropriate for expenditures the uses and purposes for which the endowment fund was established, including how much of the net appreciation, both realized and unrealized, of the fair value of the assets of the endowment to be added over the historical value of the fund that is considered prudent. The policy of the governing board is to appropriate all investment income up to 7% of the corpus and the excess added to the historical dollar value.

Return objectives, strategies employed and spending policy

The objective is to maintain the principal endowment funds at the original amount designated by the donor while earning investment income. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as unrestricted income.

During the year ended June 30, 2018, there were no changes to the permanently restricted net assets.

NOTE 10. RELATED-PARTY TRANSACTIONS

During the year ended June 30, 2018, the Organization received contributions of $182,176 from certain of its board members.

NOTE 11. EMPLOYEE SAVINGS PLAN

The Organization sponsors a 403(b) plan covering substantially all of its full-time employees. Under the plan, employees can elect to defer a percentage of their salary, subject to IRC limits, and the Organization may elect to make a discretionary contribution. The Organization made a discretionary contribution in the amount of $82,749 during the year ended June 30, 2018.

NOTE 12. COMMITMENTS

Leases

The Organization leases office space in Wayne, New Jersey. The lease was extended for five years beginning September 1, 2016, with an opt-out clause after three years with a six-month advance notice. The Organization also leases office space in Fair Lawn, New Jersey. The Fair Lawn lease term expired September 14, 2018. In addition, the Organization leases school space in Fort Lee and Edgewater, New Jersey, for school-based services. The leases are renewed annually with the respective school districts. Rent expense totaled $121,533 for the year ended June 30, 2018.

Future minimum lease payments at June 30, 2018, are as follows:

Year ending June 30:	Amount
2019	$ 73,881
2020	68,888
2021	70,954
2022	11,883
	$ 225,606

NOTE 12. COMMITMENTS (CONTINUED)

Leases (continued)
The Organization leases copy machines. Equipment lease expense totaled $16,884 for the year ended June 30, 2018.

Future minimum lease payments at June 30, 2018, are as follows:

Year ending June 30:	Amount
2019	$ 16,884
2020	16,884
2021	15,987
2022	4,590
	$ 54,345

Other commitments
The Organization's former executive director retired in December 2007. In recognition of the executive director's length of service to the agency, the board approved a "retirement" package totaling approximately $74,000 to be paid out over 10 years in monthly installments. The final payment was made in December 2017.

NOTE 13. CONTINGENCIES

Revenue from cost-reimbursement grants is subject to audits and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying consolidating and consolidated financial statements.