JEWISH FAMILY SERVICE AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

ELLSWORTH • STOUT
CPAs and Consultants

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Independent Auditor's Report

To the Board of Directors of
Jewish Family Service Agency,

We have audited the accompanying financial statements of Jewish Family Service Agency (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service Agency as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

Las Vegas, Nevada
April 15, 2019

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JEWISH FAMILY SERVICE AGENCY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS		
Current Assets:		
Cash and cash equivalents	$	301,175
Investments		165,549
Accounts receivable, net		2,814
Grants receivable		167,660
Pledge receivable		66,791
Inventory		15,860
Prepaid expense and other		39,663
Total current assets		759,512
Property and Equipment, net		84,208
Non-Current Assets:		
Cash		23,400
Total Assets	$	867,120
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	118,752
Accrued expenses		89,788
Capital lease obligation, current		1,230
Due to related party, current		40,000
Total current liabilities		249,770
Long-Term Liabilities:		
Capital lease obligation, less current portion		723
Due to related party, non-current		20,000
Total long-term liabilities		20,723
Total Liabilities		270,493
Net Assets:		
Without donor restrictions		401,999
With donor restrictions		194,628
		596,627
Total Liabilities and Net Assets	$	867,120

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net Assets without Donor Restrictions	
Revenue and other support:	
Grant income	$ 1,500,412
Program revenues	275,591
Contributions	192,127
Special events, net of expenses of $29,102	100,906
In-kind donations	152,079
Net assets released from restrictions	110,505
	2,331,620
Expenses:	
Program services	1,999,331
Supporting services:	
Management and general	213,010
Fundraising	31,349
	2,243,690
Other income (expense):	
Net loss on investment	(1,362)
Miscellaneous income	1,353
	(9)
Increase in net assets without donor restrictions	87,921
Net Assets with Donor Restrictions	
Contributions	22,763
In-kind donations	114,656
Net assets released from donor restrictions	(110,505)
Increase in net assets with donor restrictions	26,914
Increase in net assets	114,835
Net Assets, Beginning of Year	481,792
Net Assets, End of Year	$ 596,627

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Advertising	$ 1,642	$ 497	$ 22	$ 2,161
Computer expenses	3,779	1,144	50	4,973
Depreciation	6,314	1,911	83	8,308
Dues and subscriptions	2,632	796	35	3,463
Education and training	1,661	502	22	2,185
Employee benefits	48,088	14,553	633	63,274
Fundraising	-	-	8,295	8,295
Insurance	16,174	4,895	213	21,282
Interest	-	302	-	302
Merchant fees	6,553	1,982	86	8,621
Mileage reimbursement	12,927	3,912	170	17,009
Miscellaneous	4,044	1,224	53	5,321
Office expense	27,746	8,397	365	36,508
Payroll expense	73,708	22,306	970	96,984
Professional services	145,162	43,931	1,910	191,003
Program expenses	903,978	-	-	903,978
Rent expense	71,386	21,604	939	93,929
Salaries	661,533	81,422	17,345	760,300
Travel	3,696	1,118	49	4,863
Utilities	8,308	2,514	109	10,931
	$ 1,999,331	$ 213,010	$ 31,349	$ 2,243,690

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities		
Increase in net assets	$	114,835
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
In-kind rent		(23,133)
Depreciation		8,308
Net unrealized gain on investment		8,034
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		3,815
(Increase) decrease in grants receivable		(92,445)
(Increase) decrease in inventory		3,476
(Increase) decrease in prepaid expense and other		(19,006)
Increase (decrease) in accounts payable		36,946
Increase (decrease) in accrued expenses		34,189
Net cash provided by operating activities		75,019
Cash Flows from Investing Activities		
Proceeds from sale of investments		39,993
Purchase of investments		(99,651)
Net cash used in investing activities		(59,658)
Cash Flows from Financing Activities		
Principal payments on capital lease obligation		(1,102)
Net cash used in financing activities		(1,102)
Net Increase in Cash and Cash Equivalents		14,259
Cash and Cash Equivalents, Beginning of Year		310,316
Cash and Cash Equivalents, End of Year	$	324,575
Supplemental disclosure of cash flow information:		
Interest paid	$	302

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Jewish Family Service Agency (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

Inspired by the Jewish principle of "Tikkun Olam," repairing the world one life at a time, the Agency was founded in 1977 to provide comprehensive social support to people in need. The Agency provides professional social services to families and individuals in times of need. Services are offered to individuals of all religions, races, ages, disabilities, sexual orientations, and national origins.

The Agency's programs and services include prevention, intervention, and short-term therapy for individuals and families to enhance their quality of life; emergency assistance including food distribution, emergency financial aid, help for the homeless; adoption services; and, assistance for seniors.

The Agency is a local community organization that is committed to help support, change and improve the lives of all resident of Clark County. All the support we receive stays within our local community.

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Agency presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Agency is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories primarily consist of food that is both purchased and donated. Food donations are recorded as an in-kind contributions and valued at $1.68 per pound, in accordance with Feed America's valuation as of June 30, 2018.

Property and Equipment

The Agency capitalizes significant expenditures for property and equipment at cost, generally those that exceed $1,000. Property and equipment that are contributed to the Agency are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifteen years.

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Agency has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

Contributed services are recognized as contributions in accordance with the FASB Codification if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Unpaid volunteers have donated their time to the Agency's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services. The fair values of in-kind contributions are summarized as follows:

Office space	$ 114,655
Food donations	80,139
Professional services	71,941
	$ 266,735

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated using a time study that is performed by management on the basis of estimates of time and effort, except for the expenses labeled fundraising, interest, and program expense that are direct expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Agency uses advertising to promote its services. Advertising costs are expensed as incurred.

Income Taxes

In November 1977, the Agency received notification from the Internal Revenue Service that the Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

The Agency is no longer subject to potential income tax examinations by tax authorities for years before 2015.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*. This ASU provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The ASU requires a retrospective application; however, if it is impracticable to apply the guidance retrospectively for some of the issues, the guidance for those issues would be applied prospectively as of the earliest date practicable. The ASU is effective for non-public companies for annual reporting periods beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact the adoption of this guidance will have on its statement of cash flows.

In February 2016, the FASB issued ASU No. 2016-02, "Leases", ("ASU 2016-02") which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will become effective for public companies during interim and annual reporting periods beginning after December 15, 2018 and a year later for non-public companies, with early adoption permitted. The Agency is currently evaluating the impact of the adoption of ASU 2016-02 on the Agency's financial statements.

In May 2014, the FASB issued ASU 2014-09 (Topic 606) pertaining to revenue from contracts with customers, including a number of subsequent updating pronouncements. This pronouncement is effective for non-public companies for annual periods beginning after December 15, 2018, with early adoption permitted for periods beginning after December 15, 2016. Although a final determination of the potential impact of this new accounting pronouncement has not yet been completed, it appears that the substance of the new accounting principle, which is to change current revenue recognition guidance to a single, principle-based model that requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to its customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, is consistent with the position of the Agency's existing revenue recognition practices. Management is still evaluating the effects of this standard on the Agency's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

NOTE 2 – LIQUIDITY AND AVAILABILITY (Continued)

Cash and cash equivalents	$	301,175
Investments		165,549
Accounts receivable, net		2,814
Grants receivable		167,660
	$	637,198

The Agency's endowment funds consist of cash and cash equivalents with donor restrictions and, therefore, is not available for general expenditure.

As part of the Agency's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – ACCOUNTS RECEIVABLE

The Agency has two categories of receivables related to program services that are reported net of allowance for doubtful accounts as needed. Receivables related to counseling revenue relate to counseling services provided on a sliding scale fee; the Agency receives payment from individuals and insurance companies and applies an allowance equal to 35% on any receivable balances. Receivables related to adoption revenue relate to adoption services provided on a sliding scale; the Agency analyzes each adoption receivable using specific identification to asses any allowance required. The Agency charges off uncollected accounts receivables when management determines receivables will not be collected. As of December 31, 2018, the estimated allowance for doubtful accounts for accounts receivable is $2,480, which relates only to counseling receivables.

NOTE 4 – PROPERTY AND EQUIPMENT

As of December 31, 2018, property and equipment consisted of the following:

Building improvement	$	91,171
Furniture and equipment		38,735
		129,906
Less: accumulated depreciation		(45,698)
	$	84,208

Depreciation expense for the year ended December 31, 2018 was $8,308.

NOTE 5 – FAIR VALUE MEASUREMENTS

The Agency measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are 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 of the asset or liability.

Fair values of assets measured at December 31, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
Stocks	$ 165,549	$ 165,549	$ -	$ -
	$ 165,549	$ 165,549	$ -	$ -

NOTE 6 – RELATED PARTY TRANSACTIONS

Pledge Receivable

The Agency received a pledge from Jewish Federation of Las Vegas, dba Jewish Nevada (Jewish Nevada) for in-kind use of facilities. The Agency and Jewish Nevada are related as they have common board members. The value of the in-kind donation is contingent upon the amount stipulated by the donor and adjusted on an annual basis. The term of the contingent future donations is scheduled to end on November 30, 2019. For the year ended December 31, 2018, the Agency recognized revenues of $114,655 related to this pledge.

Due to Related Party

In October 2017, the Agency entered into an agreement with Jewish Nevada to loan the Agency $60,000. The loan is due in equal installments of $20,000 on the first day of July in 2018 through 2020 and bears no interest. As of December 31, 2018, the Agency had not made any payments on the loan. The Agency does not believe any fines or penalties will be assessed for non-payment at this time.

NOTE 7 – LEASE AGREEMENTS

The Agency has a lease agreement for a telephone system. The lease commenced on July 1, 2015 and is for five years with a lease payment of $117 per month. Because the aggregate amount of the payments required exceeds 90% of the fair value of the equipment, the Agency has accounted for the lease as a capital lease.

NOTE 7 – LEASE AGREEMENTS (Continued)

Future minimum lease payments due are as follows for the years ending December 31:

2019	$ 1,404
2020	760
	2,164
Less imputed interest	(211)
	1,953
Less current portion	(1,230)
Long-term capital lease	$ 723

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of December 31, 2018:

Adoption	$ 29,755
Chesed	45,726
David Berkovitz Memorial Fund for Survivors of Need	11,094
Endowment	23,400
Hal Ober Scholarship Fund	4,249
Holocaust Survivor Group	9,944
Pat Risler	591
Pledge Receivable	66,791
Speigel	868
Tzedakah Emergency Funds	2,210
	$ 194,628

As of December 31, 2018, net assets with donor restrictions consisted of cash and cash equivalents of $127,837, and a pledge receivable of $66,791 for the in-kind use of facilities.

NOTE 9 – ENDOWMENT

The endowment fund was established for the long-term financial security of the Agency. Interest earned on the funds can be used to support the Agency's general activities. The endowments include only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Agency is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are restricted by time or by purpose. Currently, the entire endowment has a donor imposed restriction that is perpetual in nature, stipulating that resources be maintained in perpetuity.

NOTE 9 – ENDOWMENT (Continued)

Interpretation of Relevant Law - Continued

The Board of Directors of the Agency has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Agency considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument the Agency has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with SPMIFA, the Agency 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 Agency 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 Agency
7. The investment policies of the Agency

Endowment net asset composition by type of fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ -	$ -	$ -
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	23,400	23,400
	$ -	$ 23,400	$ 23,400

Changes in endowment net assets for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 23,400	$ 23,400
Investment income	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, end of year	$ -	$ 23,400	$ 23,400

NOTE 9 – ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a low level of investment risk. The Agency expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. However, due to the current investment environment, the endowment funds are being held in a non-interest bearing account.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long-term, the Agency expects the current spending policy to allow its endowment to grow at an average of 5 percent annually. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Actual returns in any given year may vary from this amount.

NOTE 10 – SIMPLE IRA RETIREMENT PLAN

As of September 1, 2016, the Agency sponsors a Simple IRA retirement plan (Plan) covering qualified employees. Employees who receive a salary of at least $5,000 are eligible to participate in the Plan. The Agency matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The Agency contributed $14,691 for the year ended December 31, 2018.

NOTE 11 – CONCENTRATIONS

For the year ended December 31, 2018, approximately 33% of the Agency's support was provided by two major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 15, 2019, which is the date the financial statements were available to be issued. No events were identified that would require additional disclosure.