



2018

FINANCIAL STATEMENTS

Jewish Family & Children's Service



JEWISH FAMILY & CHILDREN'S SERVICE

Financial Statements with Independent Auditor's Report | December 31, 2018

BROWN SMITH WALLACE
THE FIRM FOR GROWTH.™

Inspired by the Jewish tradition to make the world a better place, JF&CS helps and supports people in need to meet their challenges.

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Independent Auditor's Report

Board of Directors
Jewish Family & Children's Service
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family & Children's Service ("JF&CS"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 JF&CS'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 JF&CS's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family & Children's Service as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Smith Wallace, LLP

St. Louis, Missouri

May 14, 2019

JEWISH FAMILY & CHILDREN'S SERVICE

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,810,074	\$ 2,687,141
Accounts receivable, net	194,615	163,376
Prepaid expenses and other assets	-	3,658
Investments, at fair value	6,805,802	5,937,305
Beneficial interest in perpetual trust	9,183	9,546
Unconditional promises to give	939,531	955,771
Property and equipment, net	3,394,716	3,443,552
TOTAL ASSETS	\$ 13,153,921	\$ 13,200,349
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 102,187	\$ 73,192
Accrued expenses	224,973	225,902
Homemaker deposits	993	929
Deferred revenue	-	92,832
Advances due to unrelated parties	16,875	773,032
Total Liabilities	345,028	1,165,887
Net Assets		
Without donor restrictions	7,448,255	7,673,519
With donor restrictions	5,360,638	4,360,943
Total Net Assets	12,808,893	12,034,462
TOTAL LIABILITIES AND NET ASSETS	\$ 13,153,921	\$ 13,200,349

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Activities

Year ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 721,075	\$ 1,545,521	\$ 2,266,596
Special program grants and other	231,011	-	231,011
Foundation grant	527,357	-	527,357
Special event revenue, net of direct expenses of \$25,347	116,614	-	116,614
United Way of Greater St. Louis	-	698,348	698,348
Jewish Federation of St. Louis	551,806	330,000	881,806
Associated organizations	75,000	-	75,000
Fees for professional services rendered	1,630,251	-	1,630,251
Investment return, net	(163,470)	(170,324)	(333,794)
Other income	75,342	-	75,342
Net assets released from restrictions	1,403,850	(1,403,850)	-
TOTAL SUPPORT AND REVENUE	5,168,836	999,695	6,168,531
EXPENSES			
Program services:			
Counseling	1,517,991	-	1,517,991
Care Management	267,358	-	267,358
Fall Prevention	4,004	-	4,004
Homemaker	706,244	-	706,244
Community Chaplaincy	163,576	-	163,576
Harvey Kornblum Jewish Food Pantry	940,520	-	940,520
Child Abuse Detection and Prevention	239,848	-	239,848
Children At Risk	179,526	-	179,526
Financial Assistance	254,276	-	254,276
Senior Services	179,669	-	179,669
Total program services	4,453,012	-	4,453,012
Supporting services:			
Management and general	578,833	-	578,833
Fundraising	362,255	-	362,255
Total supporting services	941,088	-	941,088
TOTAL EXPENSES	5,394,100	-	5,394,100
CHANGE IN NET ASSETS	(225,264)	999,695	774,431
Net assets, beginning of year	7,673,519	4,360,943	12,034,462
Net assets, end of year	\$ 7,448,255	\$ 5,360,638	\$ 12,808,893

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Activities

Year ended December 31, 2017

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,061,072	\$ 207,232	\$ 1,268,304
Special program grants and other	100,884	-	100,884
Foundation grant	517,527	-	517,527
Special event revenue, net of direct expenses of \$65,885	230,392	-	230,392
United Way of Greater St. Louis	-	716,356	716,356
Jewish Federation of St. Louis	585,562	206,728	792,290
Associated organizations	75,000	-	75,000
Fees for professional services rendered	1,709,218	-	1,709,218
Investment return, net	465,943	235,414	701,357
Other income	18,884	-	18,884
Net assets released from restrictions	1,012,748	(1,012,748)	-
TOTAL SUPPORT AND REVENUE	5,777,230	352,982	6,130,212
EXPENSES			
Program services:			
Counseling	1,670,271	-	1,670,271
Care Management	14,775	-	14,775
Fall Prevention	-	-	-
Homemaker	550,308	-	550,308
Community Chaplaincy	167,567	-	167,567
Harvey Kornblum Jewish Food Pantry	903,565	-	903,565
Child Abuse Detection and Prevention	236,292	-	236,292
Children At Risk	169,310	-	169,310
Financial Assistance	282,198	-	282,198
Senior Services	234,607	-	234,607
Total program services	4,228,893	-	4,228,893
Supporting services:			
Management and general	261,741	-	261,741
Fundraising	263,685	-	263,685
Total supporting services	525,426	-	525,426
TOTAL EXPENSES	4,754,319	-	4,754,319
CHANGE IN NET ASSETS	1,022,911	352,982	1,375,893
Net assets, beginning of year	6,650,608	4,007,961	10,658,569
Net assets, end of year	\$ 7,673,519	\$ 4,360,943	\$ 12,034,462

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 774,431	\$ 1,375,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	165,558	159,762
Provision for net present value on promises to give	(10,414)	21,291
Change in value of beneficial interest in trusts	363	468
Gain on disposal of assets	-	(2,369)
Change in allowance for promises to give	-	(37,384)
Realized/unrealized (gain) loss on investments	355,657	(697,147)
Changes in operating assets:		
Unconditional promises to give	26,654	(45,602)
Accounts receivables	(31,239)	4,651
Prepaid expenses	3,658	(3,258)
Changes in operating liabilities:		
Accounts payable	28,995	(35,561)
Accrued expenses	(929)	(12,117)
Homemaker deposits	64	210
Other liabilities	-	(36,723)
Deferred revenue	(92,832)	2,836
Advances due to unrelated parties	(756,157)	(36,833)
Net cash provided by operating activities	463,809	658,117
Cash flows from investing activities:		
Investment purchases	(3,371,961)	(1,193,232)
Proceeds from sale of investments	928,476	980,373
Reinvestment of interest and dividends	(58,435)	(36,585)
Property and equipment purchased	(116,722)	(52,399)
Proceeds from sale of property and equipment	-	3,440
Net cash used in investing activities	(2,618,642)	(298,403)
Cash flows from financing activities:		
Contributions received for purposes of endowment	1,277,766	-
Net cash provided by financing activities	1,277,766	-
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(877,067)	359,714
Cash and cash equivalents, beginning of year	2,687,141	2,327,427
Cash and cash equivalents, end of year	\$ 1,810,074	\$ 2,687,141

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services											Supporting Services		Total Expenses
	Clinical Services	Care Management	Fall Prevention	Homemaker	Chaplaincy	Food Pantry	Child Abuse Detection and Prevention	Children At Risk	Financial Assistance	Elderlink	Total	Management and General	Fund-raising	
Salaries	\$ 920,263	\$ 187,050	\$ 3,136	\$ 64,721	\$ 119,748	\$ 436,488	\$ 141,132	\$ 7,845	\$ 78,878	\$ 126,554	\$ 2,085,815	\$ 368,770	\$ 196,215	\$ 2,650,800
Contracted professionals	207,014	-	-	-	-	-	-	-	-	-	207,014	-	-	207,014
Benefits	107,836	32,426	119	13,778	9,112	91,469	27,123	980	16,164	21,537	320,544	37,837	28,082	386,463
Taxes	66,693	13,623	227	4,565	8,689	31,766	10,186	572	5,641	9,151	151,113	28,146	14,328	193,587
Total salaries and related expenses	1,301,806	233,099	3,482	83,064	137,549	559,723	178,441	9,397	100,683	157,242	2,764,486	434,753	238,625	3,437,864
Assistance to individuals	-	-	-	596,643	-	96,315	-	-	146,265	1,070	840,293	-	-	840,293
Bad debt	-	-	-	1,018	-	-	-	-	-	-	1,018	-	-	1,018
Depreciation	49,841	7,809	-	4,927	3,737	62,385	4,019	144	743	4,934	138,539	19,636	7,383	165,558
Dues and subscriptions	8,390	1,510	-	727	1,704	6,006	1,880	28	858	-	21,103	952	1,971	24,026
Insurance	6,747	1,308	-	392	856	9,732	1,542	26	586	839	22,028	3,047	1,288	26,363
Marketing and advertising	738	710	-	48	80	463	239	1	46	1,252	3,577	51	2,762	6,390
Meetings and meals	2,760	507	-	275	326	2,043	613	9	271	338	7,142	301	4,034	11,477
Occupancy	95,291	13,754	-	8,672	6,580	102,828	7,075	254	1,305	8,856	244,615	34,646	17,469	296,730
Office expense	24,767	4,126	507	7,818	3,365	23,518	6,524	11,574	2,275	3,225	87,699	10,496	29,504	127,699
Program supplies	13,992	714	-	16	1,628	28,810	27,771	-	10	87	73,028	-	262	73,290
Professional fees	9,224	1,663	-	823	1,164	10,532	2,126	158,085	970	1,210	185,797	1,076	56,017	242,890
Recruiting expense	-	-	-	-	-	-	-	-	-	-	-	66,661	1,538	68,199
Staff development	2,939	1,312	-	369	446	2,062	1,871	7	214	268	9,488	234	345	10,067
Special event expenses	-	-	-	-	-	-	-	-	-	-	-	-	25,347	25,347
Travel - local	1,496	846	15	1,452	5,516	735	7,747	1	50	348	18,206	42	1,057	19,305
Vehicle expense	-	-	-	-	-	25,114	-	-	-	-	25,114	6,885	-	31,999
Volunteers	-	-	-	-	625	10,254	-	-	-	-	10,879	53	-	10,932
Total expenses by function	1,517,991	267,358	4,004	706,244	163,576	940,520	239,848	179,526	254,276	179,669	4,453,012	578,833	387,602	5,419,447
Less expenses included with revenues on the statement of activities														
Special event expense	-	-	-	-	-	-	-	-	-	-	-	-	(25,347)	(25,347)
Total expenses included on the statement of activities	\$ 1,517,991	\$ 267,358	\$ 4,004	\$ 706,244	\$ 163,576	\$ 940,520	\$ 239,848	\$ 179,526	\$ 254,276	\$ 179,669	\$ 4,453,012	\$ 578,833	\$ 362,255	\$ 5,394,100

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services											Supporting Services			Total Expenses
	Clinical Services	Care Management	Fall Prevention	Homemaker	Chaplaincy	Food Pantry	Child Abuse		Children At Risk	Financial Assistance	Elderlink	Total	Management and General	Fund-raising	
							Detection and Prevention								
Salaries	\$ 978,713	\$ 10,755	\$ -	\$ 94,851	\$ 119,893	\$ 411,987	\$ 147,543	\$ 4,698	\$ 100,888	\$ 165,779	\$ 2,035,107	\$ 189,029	\$ 133,509	\$ 2,357,645	
Contracted professionals	245,648	-	-	-	-	-	-	-	750	-	246,398	-	-	246,398	
Benefits	110,968	2,042	-	17,132	9,699	77,176	24,290	538	18,783	25,676	286,304	26,133	17,892	330,329	
Taxes	71,544	752	-	6,931	8,760	30,115	10,763	343	7,376	12,115	148,699	13,845	9,781	172,325	
Total salaries and related expenses	1,406,873	13,549	-	118,914	138,352	519,278	182,596	5,579	127,797	203,570	2,716,508	229,007	161,182	3,106,697	
Assistance to individuals	-	-	-	409,002	-	121,797	-	-	132,197	-	662,996	-	-	662,996	
Bad debt	22	-	-	1,405	-	-	-	-	-	-	1,427	-	-	1,427	
Depreciation	52,638	-	-	4,723	4,495	67,492	5,540	97	4,987	5,704	145,676	6,865	7,221	159,762	
Dues and subscriptions	4,595	-	-	408	1,218	2,904	995	10	500	631	11,261	556	2,146	13,963	
Insurance	8,350	-	-	799	1,062	9,291	1,942	19	979	1,235	23,677	1,107	1,139	25,923	
Marketing and advertising	258	-	-	75	16	147	96	-	82	140	814	17	17	848	
Meetings and meals	1,700	52	-	102	204	1,184	498	4	188	426	4,358	213	1,580	6,151	
Occupancy	102,401	-	-	8,678	8,261	96,291	10,182	144	9,165	10,962	246,084	12,599	17,721	276,404	
Office expense	37,168	425	-	3,004	4,525	18,980	6,902	9,661	3,309	4,649	88,623	2,151	21,709	112,483	
Program supplies	32,588	-	-	-	1,554	15,387	13,764	-	-	62	63,355	-	232	63,587	
Professional fees	17,047	-	-	1,063	2,152	16,886	3,934	153,754	1,982	3,534	200,352	2,242	49,356	251,950	
Recruiting expense	315	511	-	8	11	1,050	59	-	10	13	1,977	11	864	2,852	
Staff development	1,604	-	-	76	102	816	754	2	684	2,515	6,553	101	104	6,758	
Special event expenses	-	-	-	-	-	-	-	-	-	-	-	-	65,885	65,885	
Travel - local	4,712	238	-	2,051	5,107	1,974	9,030	6	318	1,166	24,602	360	414	25,376	
Vehicle expense	-	-	-	-	-	24,976	-	34	-	-	25,010	6,391	-	31,401	
Volunteers	-	-	-	-	508	5,112	-	-	-	-	5,620	121	-	5,741	
Total expenses by function	1,670,271	14,775	-	550,308	167,567	903,565	236,292	169,310	282,198	234,607	4,228,893	261,741	329,570	4,820,204	
Less expenses included with revenues on the statement of activities															
Special event expense	-	-	-	-	-	-	-	-	-	-	-	-	(65,885)	(65,885)	
Total expenses included on the statement of activities	\$ 1,670,271	\$ 14,775	\$ -	\$ 550,308	\$ 167,567	\$ 903,565	\$ 236,292	\$ 169,310	\$ 282,198	\$ 234,607	\$ 4,228,893	\$ 261,741	\$ 263,685	\$ 4,754,319	

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

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements Year

Ended December 31, 2018

Note A - Nature of Operations

Nature of Activities

Jewish Family & Children's Service (JF&CS) helps and supports people in need to meet life's challenges. JF&CS, a nonprofit organization serving the greater St. Louis metropolitan areas, provides a breadth of services addressing the needs of Jewish and non-Jewish community members across the lifespan. JF&CS's revenue and support are derived primarily from government agencies and public contributions.

Harvey Kornblum Jewish Food Pantry (HKJFP):

- The Harvey Kornblum Jewish Food Pantry is the largest food pantry in the region, serving nearly 15,000 people in 2018. Community members who visit the food pantry are often experiencing hardships in addition to hunger including unemployment or underemployment, lack of access to health care, and housing insecurity. The pantry's staff and volunteers connect visitors and their families to the services they need through a JF&CS program or to an external partner in the community.

Child Abuse Prevention Program:

- JF&CS's team of trained specialists work with schools throughout the St. Louis area to annually teach 39,000 children, teachers, and parents about body safety, the warning signs of abuse, and safe internet use. Though the ultimate goal of the program is prevention, the presentations also teach children who have seen or experienced abuse the importance of reporting the incident to a trusted adult. These disclosures open the door to intervention and healing for the affected children and their families.

Financial Assistance Program:

- The Financial Assistance Program helps financially-distressed individuals and families acquire immediate funds, advocacy, and support to help them through times of crisis and move toward self-sufficiency. These funds provide the stability needed to establish a long-term plan for achieving financial independence.

Clinical Services:

- Clinical Services include counseling, child and adolescent psychiatry, and evaluation/testing for children and adolescents, all of which work hand-in-hand to provide for the behavioral and mental health needs of the community.

- The school-based team provides customized services and counseling to students on-site in schools across St. Louis County to help them improve their behavioral and mental health, and academic performance.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note A - Nature of Operations (Continued)

Nature of Activities (Continued)

Older Adult Services:

- ElderLink St. Louis is a coordinated referral service for older adults, their children, and their caregivers that offers specialized information on resources of interest to older adults. The referral line is staffed by a licensed clinical social worker, who takes the time to listen to each caller's unique needs and offer customized information and referral on the issues affecting them or their loved ones.

- The innovative Gatekeeper program ensures that isolated older adults are connected with much-needed services by enlisting the assistance of those who, in the normal course of their jobs, living situations or community involvement, may have contact with and be able to identify those at risk. Community connectors include pharmacists, hair dressers, grocery store clerks, apartment managers, medical providers, bank tellers, and more.

- The Homemaker/In-Home Services team conducts professional assessments and creates and manages individualized care plans for frail seniors and adults with varying abilities, so they can maintain independence in their own homes and preserve connections to the local community.

- Chaplaincy visits provide a sense of connection, comfort, and spiritual support to older adults and individuals with disabilities who feel isolated from the Jewish community. The chaplaincy team spends time with members of the Jewish community to listen, provide end of life comfort and support, celebrate life cycle events, observe Jewish holidays, and offer spiritual counsel.

Community Support Services:

- Jewish Disability Care Connect provides information and referral, guidance, advocacy, and social connection for individuals in the Jewish Community who have a physical or developmental disability. Assistance is provided to access government benefits, SSI, food stamps, and Medicaid. The Care Manager also assists with identifying appropriate housing, money management services, socialization opportunities, and linkages to counseling, long term legal and life care planning.

- Through community outreach and education, information and referral provision, relationship-building, and case management, the Jewish Community Mental Health Care Management program helps Jewish individuals connect to mental health services.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies

The following summary of significant accounting policies of JF&CS is presented to assist in the understanding of JF&CS's financial statements. The financial statements and notes are representations of JF&CS's management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation

The financial statements have been prepared using the accrual basis of accounting. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Designated amounts represent those resources that the Board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor)-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of JF&CS or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by JF&CS.

Revenue Recognition

JF&CS recognizes contributions as support when they are received or unconditionally pledged. Amounts pledged are presented as unconditional promises to give and are stated at the net present value of the amount expected to be collected from outstanding balances. JF&CS provides for an estimated uncollectible amount based on historical experience and industry trends.

Fees for professional services rendered represents the estimated realizable amounts from patients and others for services rendered.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. JF&CS's policy is to record contributions received with donor restrictions as contributions received without donor restrictions if the restriction is met within the reporting period.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Unconditional promises to give cash and other assets are accrued at their estimated fair value at the date each promise is received. Gifts are reported as support with donor restrictions if they are received with a donor's stipulation that limits the use of the donated assets. When a donor's restriction is satisfied, net assets with donor restrictions are released and reported as an increase in net assets without donor restrictions.

Contributed Services and Contributed Goods

Contributed services are recorded as public support only if they create or enhance non-financial assets, require specialized services, or represent an integral part of JF&CS's programs. Volunteers donated 19,344 and 21,000 hours of time in 2018 and 2017, respectively, to JF&CS's special events and program services. The value of these contributed services is not reflected in the financial statements since these services do not meet the criteria for recognition.

Contributed goods from and to the surrounding community qualify as agency transactions in accordance with the Not-for-Profit Topic of the FASB ASC 958-605-25, *Revenue Recognition*. JF&CS's policy is not to report the receipt or disbursement of these goods in the financial statements.

Cash and Cash Equivalents

JF&CS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. These amounts include cash donations and grants that are restricted in terms of their use.

JF&CS maintains its cash deposits at financial institutions. Balances, at all times, are fully federally insured. Management believes no risk of loss existed at December 31, 2018 and 2017.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. JF&CS provides an allowance for doubtful accounts equal to the estimated uncollectible account balances. JF&CS's estimate is based on a review of the current status of accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts of \$2,000 for each of the years ended December 31, 2018 and 2017.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Investments

Investments are stated at fair value. Investment income is recognized when earned. JF&CS reports investment return as increases or decreases in net assets without donor restrictions, unless the income is donor restricted. Investment income and gains, restricted by the donor, are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment income or gains are recognized.

Fair Value Measurements

Financial assets and liabilities have been disclosed at their respective fair values or measured at the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date on a recurring basis. The financial assets and liabilities are valued using the following fair value hierarchy in order to disclose the measurement of fair value based on three levels of observable or unobservable inputs.

Level 1: Quoted prices (unadjusted) in active markets for identical assets that JF&CS has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments in Jewish Federation's investment pool are valued at the closing net asset value (NAV) of shares held at year-end.

Beneficial interests in trusts are measured at fair value using significant third-party trust valuations and management's estimate of the value of JF&CS's share of the investment and are considered Level 3 investments.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

JF&CS has used a “practical expedient” to estimate fair value of its Level 2 investments. The net asset value (NAV) reported by each investment fund is used as a practical expedient to estimate the fair value of the JF&CS's interest in the fund. Investments are categorized as Level 2 when the JF&CS has the ability to redeem its investment in the entity at the NAV per share in the near term. There are no unfunded commitments associated with these investments, nor are there any significant restrictions on the JF&CS's ability to sell these investments. Additionally, there are no circumstances under which the investments would not be redeemable.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board assessment and approval. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate.

JF&CS recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ending December 31, 2018 and 2017.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated equipment is recorded at the fair value at the date of the donation. Additions and replacements of \$2,500 or more are capitalized in the period placed in service. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged against earnings. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

Impairment of Long-Lived Assets

JF&CS evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed for the years ended December 31, 2018 and 2017.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Deferred Revenue / Due to Unrelated Parties

Grants and fees from professional services are evaluated to determine if the revenue is considered unearned or refundable to the grantor. If such conditions exist, the revenue is deferred until earned and/or until grant agreement requirements are fulfilled.

The "Children at Risk" program is funded by a Foundation and requires cash advances to JF&CS, a portion of which represents Deferred Revenue earned by JF&CS, and a portion of which represents Advances Due to Unrelated Parties for consulting services.

Functional Allocation of Expenses

JF&CS allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Certain categories of expenses are attributed to more than one program or supporting function, therefore, expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated on a square footage basis include occupancy and depreciation. Salaries and wages, benefits, and payroll taxes are allocated on the basis of estimates of time and effort. Other expenses allocated based on the full-time employee headcount based on estimates of time and effort include dues & subscriptions, insurance, marketing and advertising, meetings and meals, office expenses, professional fees, staff development, and travel expenses.

Concentration of Risk

JF&CS's investments are held by the Jewish Federation of St. Louis. Its investments are pooled with other investments controlled by the Jewish Federation and, therefore, are susceptible to any losses incurred by the total assets pooled by the Jewish Federation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Income Taxes

JF&CS constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

JF&CS has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provisions for income taxes is necessary at this time to cover any uncertain tax positions.

Subsequent Events

JF&CS has evaluated all subsequent events through May 14, 2019, the date the financial statements were available to be issued.

Reclassifications

Certain amounts on the 2017 financial statements have been reclassified, where appropriate, to conform to the presentation used in the 2018 financial statements. Total change in net assets is unchanged due to these reclassifications.

Change in Accounting Policy

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. JF&CS implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly for all periods presented.

For the year ended December 31, 2018, JF&CS evaluated and modified their expense allocation methodologies in conjunction with the implementation of ASU 2016-14 for financial statement presentation purposes. The 2017 financial statements have not been reclassified as a result of this evaluation.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note C - Investments

In accordance with ASU 2015-07, certain collective trust investments and pooled separate account investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. See below regarding investments measured at fair value using net asset value per share.

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investments	\$ 6,805,802	-	Not Available	Not Available

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investments	\$ 5,937,305	-	Not Available	Not Available

The cost basis of these pooled investments as of December 31, 2018 and 2017 was \$6,818,486 and \$5,200,287, respectively.

The following schedule summarizes investment return and its classification in the statements of activities:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 58,435	\$ 36,585
Net realized and unrealized gains	<u>(355,657)</u>	<u>697,147</u>
	(297,222)	733,732
Less investment fees	<u>(36,572)</u>	<u>(32,375)</u>
Total investment return	<u>\$ (333,794)</u>	<u>\$ 701,357</u>

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note D - Donor and Board Designated Endowments

JF&CS's endowments consist of approximately 35 individual funds established for a variety of purposes. Their endowments consist of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, 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.

JF&CS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), adopted into Missouri law in 2009, 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, JF&CS classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by JF&CS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JF&CS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JF&CS, and (7) JF&CS's investment policies.

In the absence of donor restrictions, under the terms of JF&CS's governing documents, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, bequest, or fund as the Board of Directors in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statements purposes.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note D - Donor and Board Designated Endowments (Continued)

JF&CS has 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. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, JF&CS 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). JF&CS targets a diversified asset allocation that places emphasis on fixed income securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

JF&CS has a policy of appropriating for distribution an approved percentage of its endowment fund's year-end fair value each year. In 2018 and 2017, the Board of Directors approved up to 4% of its endowment fund's year-end fair value for distribution. During 2018 and 2017, .5% was distributed each year. In establishing this policy, JF&CS considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effect of inflation. JF&CS expects the current spending policy to allow its endowment funds to earn a nominal average rate of 6% annually, which is consistent with JF&CS's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, four endowment funds with original gift values totaling \$1,854,795 had fair values of \$1,679,066 and deficiencies of \$175,729. These amounts were fully recovered during 2019 due to favorable market fluctuations.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note D - Donor and Board Designated Endowments (Continued)

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

	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,822,352	\$ 2,822,352
Accumulated investment earnings	<u>-</u>	<u>1,552,778</u>	<u>1,552,778</u>
Total	-	4,375,130	4,375,130
Board-designated endowment funds	<u>2,831,978</u>	<u>-</u>	<u>2,831,978</u>
Total funds	<u>\$ 2,831,978</u>	<u>\$ 4,375,130</u>	<u>\$ 7,207,108</u>
	2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,579,179	\$ 1,579,179
Accumulated investment earnings	<u>-</u>	<u>1,698,781</u>	<u>1,698,781</u>
Total	-	3,277,960	3,277,960
Board-designated endowment funds	<u>2,963,195</u>	<u>-</u>	<u>2,963,195</u>
Total funds	<u>\$ 2,963,195</u>	<u>\$ 3,277,960</u>	<u>\$ 6,241,155</u>

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note D - Donor and Board Designated Endowments (Continued)

Changes in endowment net assets as of December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2016	\$ 2,236,319	\$ 3,046,408	\$ 5,282,727
Contributions	-	52,265	52,265
Interest and dividends	24,305	12,280	36,585
Net realized and unrealized gains (losses)	463,146	234,001	697,147
Investment fees	(21,508)	(10,867)	(32,375)
Transfer into fund	260,933	-	260,933
Amounts appropriated for expenditure	<u> -</u>	<u> (56,127)</u>	<u> (56,127)</u>
Endowment net assets, December 31, 2017	<u>\$ 2,963,195</u>	<u>\$ 3,277,960</u>	<u>\$ 6,241,155</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2017	\$ 2,963,195	\$ 3,277,960	\$ 6,241,155
Contributions	49,727	1,231,470	1,281,197
Interest and dividends	27,265	17,006	44,271
Net realized and unrealized gains (losses)	(182,378)	(173,279)	(355,657)
Investment fees	(22,521)	(14,051)	(36,572)
Transfer into fund	-	62,776	62,776
Amounts appropriated for expenditure	<u> (3,310)</u>	<u> (26,752)</u>	<u> (30,062)</u>
Endowment net assets, December 31, 2018	<u>\$ 2,831,978</u>	<u>\$ 4,375,130</u>	<u>\$ 7,207,108</u>

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note E - Property and Equipment

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 613,657	\$ 613,657
Buildings and improvements	3,824,866	3,790,539
Furniture and fixtures	<u>825,337</u>	<u>745,125</u>
	5,263,860	5,149,321
Less accumulated depreciation	<u>(1,869,144)</u>	<u>(1,705,769)</u>
Net book value	<u>\$ 3,394,716</u>	<u>\$ 3,443,552</u>

Note F - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors	\$ 4,114	\$ 11,581
United Way allocation	698,348	716,356
Jewish Federation allocation	273,500	228,683
Subject for specified purpose:		
Other program restrictions	-	116,817
Endowment earnings for specified purpose	1,552,778	1,698,781
Beneficial interests in perpetual trusts	9,546	9,546
Endowments in perpetuity	<u>2,822,352</u>	<u>1,579,179</u>
Total net assets with donor restrictions	<u>\$ 5,360,638</u>	<u>\$ 4,360,943</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2018 and 2017.

Net assets released:		
Satisfaction of program restrictions	\$ 26,752	\$ 56,127
Expiration of time restrictions	<u>1,377,098</u>	<u>956,621</u>
	<u>\$ 1,403,850</u>	<u>\$ 1,012,748</u>

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note G - Net Assets Without Donor Restrictions

The Board of Directors, by voluntary resolutions, designated the net assets without donor restrictions as follows:

	<u>2018</u>	<u>2017</u>
Endowment purposes	\$ 2,831,978	\$ 2,963,195
Not designated	<u>4,616,277</u>	<u>4,710,324</u>
Total net assets without donor restrictions	<u>\$ 7,448,255</u>	<u>\$ 7,673,519</u>

Note H - Unconditional Promises to Give

Unconditional promises to give consist of the following:

	<u>2018</u>	<u>2017</u>
Unconditional promises to give	\$ 977,568	\$ 1,004,222
Less discount	<u>38,037</u>	<u>48,451</u>
Net unconditional promises to give	<u>\$ 939,531</u>	<u>\$ 955,771</u>

Unconditional promises to give are discounted using the bank's prime rate. The applicable rates were 5% and 4.25% for the years ended December 31, 2018 and 2017, respectively. All unconditional promises to give are expected to be collected within one year of December 31, 2018.

Note I - Retirement Plan

JF&CS's defined contribution profit-sharing Plan covers all eligible employees. Contributions are discretionary and determined annually by the Board of Directors. Contributions to the Plan totaled \$90,881 and \$78,237 in 2018 and 2017, respectively.

Note J - Concentrations

For the years ended December 31, 2018 and 2017, JF&CS received support of approximately 64% from four sources and 33% from two sources, respectively.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note K - Line of Credit

During 2018, JF&CS renewed their line-of- credit with Busey Bank in the amount of \$600,000, maturing on September 6, 2020. Amounts borrowed under this agreement bear interest at the bank's prime rate, resulting in rates of 5% and 4.25% as of December 31, 2018 and 2017, respectively. The line is collateralized by the building located at 10950 Schuetz Road. No borrowings occurred during 2018 or 2017, and none have occurred through the date of the independent auditor's report.

Note L - Foundation Grant

Beginning November 1, 2015, JF&CS entered into a grant agreement with a Foundation that calls for JF&CS to receive funding from the Foundation upfront and uses the funds to pay the wages and travel expenses of various consultants contracted by JF&CS. The consultants are monitored and hired by a contractor of JF&CS who is the spouse of the Assistant Executive Director of Programs of the Organization. As of December 31, 2018 and 2017, respectively, JF&CS received advance payments of \$16,875 and \$865,864 related to the above grants. These advance payments include amount representing revenue that will be earned by JF&CS, as well as amounts that will be paid to unrelated parties for consulting services. As of December 31, 2018, these programs had ended, therefore the advanced payments that were not spent were returned to the Foundation subsequent to year-end.

Note M - Conditional Promise to Give

In 2018, JF&CS received a \$50,000 conditional promise to give in support of its fall prevention program. The commitment was part of a multi-year promise, with the first disbursement being made up-front in the amount of \$25,000 and the second disbursement after conditions have been met. One payment in the amount of \$25,000 has been collected, with \$25,000 remaining as of December 31, 2018. Payments are contingent on the performance of the program and approval of expenditures.

No amount has been reflected in these financial statements for the conditional promises to give until conditions are satisfied.

JEWISH FAMILY & CHILDREN'S SERVICE

Notes to Financial Statements - Continued

Year Ended December 31, 2018

Note N - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,810,074
Accounts receivable	194,615
Promises to give	939,531
Board-designated investment distributions and appropriations (4%)	113,279
Endowment spending-rate distributions and appropriations (4%)	2,524
Less endowments included in cash and cash equivalents	<u>(401,306)</u>
	<u>\$ 2,658,717</u>

In addition to the above resources, the Organization also holds a \$600,000 line-of-credit with a maturity date of September 6, 2020. See Note K for more information on the line-of-credit.

The Organization has a board-designated investment fund with an annual spending rate of 4% as described in Note D. Although the Organization does not intend to exceed the spending policy rate, these amounts could be made available, if necessary.