

**JEWISH FAMILY SERVICES
OF DELAWARE INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2019 AND 2018

JEWISH FAMILY SERVICES OF DELAWARE INC.
TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities - 2019	5
Statement of Activities - 2018	6
Statement of Functional Expenses - 2019	7
Statement of Functional Expenses - 2018	8
Statements of Cash Flows	9
Notes to Financial Statements	11



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report

To the Board of Directors of
Jewish Family Services of Delaware Inc.

We have audited the accompanying financial statements of Jewish Family Services of Delaware Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditors' 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 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 auditors' 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.

To the Board of Directors of
Jewish Family Services of Delaware Inc.

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 Services of Delaware Inc. as of December 31, 2019 and 2018, 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.

Belfint, Lyons & Shuman, P.A.

August 11, 2020

Wilmington, Delaware

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 495,841	\$ 322,848
Patient Accounts Receivable - Net	185,865	283,693
Grants Receivable	130,507	157,421
Prepaid Expenses	<u>13,190</u>	<u>3,945</u>
TOTAL CURRENT ASSETS	<u>825,403</u>	<u>767,907</u>
PROPERTY AND EQUIPMENT		
Furniture, Fixtures, and Equipment	521,082	521,082
Less: Accumulated Depreciation	<u>(408,929)</u>	<u>(381,229)</u>
NET PROPERTY AND EQUIPMENT	<u>112,153</u>	<u>139,853</u>
OTHER ASSETS		
Security Deposits	4,250	5,400
Investments	417,068	350,413
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>227,750</u>	<u>195,077</u>
TOTAL OTHER ASSETS	<u>649,068</u>	<u>550,890</u>
TOTAL ASSETS	<u><u>\$ 1,586,624</u></u>	<u><u>\$ 1,458,650</u></u>

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENTS OF FINANCIAL POSITION - CONTINUED
DECEMBER 31, 2019 AND 2018

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 136,053	\$ 114,899
Accrued Pension Expense	19,995	11,917
Current Maturities of Capital Lease Payable	748	1,983
TOTAL CURRENT LIABILITIES	156,796	128,799
OTHER LIABILITIES		
Capital Lease Payable (Net of Current Maturities)	-	1,117
TOTAL LIABILITIES	156,796	129,916
NET ASSETS		
Without Donor Restrictions		
Undesignated	248,713	466,752
Board-Designated Operating Reserve	180,000	180,000
Board-Designated Endowment Funds	411,973	355,621
Total Without Donor Restrictions	840,686	1,002,373
With Donor Restrictions		
Purpose Restricted	356,297	136,492
Donor-Restricted Endowment Funds	232,845	189,869
Total With Donor Restrictions	589,142	326,361
TOTAL NET ASSETS	1,429,828	1,328,734
TOTAL LIABILITIES AND NET ASSETS	\$ 1,586,624	\$ 1,458,650

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE FROM OPERATIONS			
Public Support			
Contributions	\$ 124,902	\$ 71,900	\$ 196,802
United Way of Delaware	33,438	-	33,438
Jewish Federation of Delaware Allocations	71,056	-	71,056
Grants from Government Agencies	858,339	-	858,339
Other Grants	114,847	508,500	623,347
Total Public Support	<u>1,202,582</u>	<u>580,400</u>	<u>1,782,982</u>
Program Fees			
Counseling Fees and Contract Revenue	1,480,536	-	1,480,536
Care Management	73,509	-	73,509
JFS Village Network Revenue	33,283	-	33,283
Total Program Fees	<u>1,587,328</u>	<u>-</u>	<u>1,587,328</u>
Special Events - Net of Expenses	912	-	912
TOTAL SUPPORT AND REVENUE FROM OPERATIONS	<u>2,790,822</u>	<u>580,400</u>	<u>3,371,222</u>
OPERATING EXPENSES			
Program Services			
Counseling	1,542,754	-	1,542,754
Care Management	289,156	-	289,156
Youth Development	629,222	-	629,222
Total Program Services	<u>2,461,132</u>	<u>-</u>	<u>2,461,132</u>
Supporting Services			
Management and General	719,402	-	719,402
Fundraising	191,436	-	191,436
Total Supporting Services	<u>910,838</u>	<u>-</u>	<u>910,838</u>
TOTAL OPERATING EXPENSES	<u>3,371,970</u>	<u>-</u>	<u>3,371,970</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(581,148)</u>	<u>580,400</u>	<u>(748)</u>
NONOPERATING REVENUE			
Investment Income - Net of Fees	4,939	1,409	6,348
Gains on Investments	63,927	31,567	95,494
TOTAL NONOPERATING REVENUE	<u>68,866</u>	<u>32,976</u>	<u>101,842</u>
Net Assets Released from Restrictions	350,595	(350,595)	-
CHANGE IN NET ASSETS	<u>(161,687)</u>	<u>262,781</u>	<u>101,094</u>
NET ASSETS - Beginning of Year	<u>1,002,373</u>	<u>326,361</u>	<u>1,328,734</u>
NET ASSETS - End of Year	<u>\$ 840,686</u>	<u>\$ 589,142</u>	<u>\$ 1,429,828</u>

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE FROM OPERATIONS			
Public Support			
Contributions	\$ 113,364	\$ 65,491	\$ 178,855
United Way of Delaware	34,439	-	34,439
Jewish Federation of Delaware Allocations	62,150	-	62,150
Grants from Government Agencies	1,067,641	-	1,067,641
Other Grants	171,150	172,000	343,150
Total Public Support	<u>1,448,744</u>	<u>237,491</u>	<u>1,686,235</u>
Program Fees			
Counseling Fees and Contract Revenue	1,479,366	-	1,479,366
Care Management	64,084	-	64,084
JFS Village Network Revenue	26,219	-	26,219
Total Program Fees	<u>1,569,669</u>	<u>-</u>	<u>1,569,669</u>
Special Events - Net of Expenses	<u>1,420</u>	<u>-</u>	<u>1,420</u>
TOTAL SUPPORT AND REVENUE FROM OPERATIONS	<u>3,019,833</u>	<u>237,491</u>	<u>3,257,324</u>
OPERATING EXPENSES			
Program Services			
Counseling	1,390,301	-	1,390,301
Care Management	343,739	-	343,739
Youth Development	710,134	-	710,134
Total Program Services	<u>2,444,174</u>	<u>-</u>	<u>2,444,174</u>
Supporting Services			
Management and General	678,272	-	678,272
Fundraising	159,010	-	159,010
Total Supporting Services	<u>837,282</u>	<u>-</u>	<u>837,282</u>
TOTAL OPERATING EXPENSES	<u>3,281,456</u>	<u>-</u>	<u>3,281,456</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(261,623)</u>	<u>237,491</u>	<u>(24,132)</u>
NONOPERATING REVENUE			
Investment Income - Net of Fees	4,508	533	5,041
Losses on Investments	(31,809)	(17,326)	(49,135)
TOTAL NONOPERATING REVENUE	<u>(27,301)</u>	<u>(16,793)</u>	<u>(44,094)</u>
Net Assets Released from Restrictions	<u>427,366</u>	<u>(427,366)</u>	<u>-</u>
CHANGE IN NET ASSETS	138,442	(206,668)	(68,226)
NET ASSETS - Beginning of Year	<u>863,931</u>	<u>533,029</u>	<u>1,396,960</u>
NET ASSETS - End of Year	<u>\$ 1,002,373</u>	<u>\$ 326,361</u>	<u>\$ 1,328,734</u>

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services				
	Counseling	Care Management	Youth and Family	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
SALARIES AND RELATED EXPENSES								
Salaries	\$ 1,068,401	\$ 203,932	\$ 442,810	\$ 1,715,143	\$ 465,655	\$ 125,119	\$ 590,774	\$ 2,305,917
Employee Retirement Benefits	5,405	4,211	1,671	11,287	12,193	-	12,193	23,480
Employee Benefits	81,395	13,448	34,683	129,526	29,969	1,346	31,315	160,841
Payroll Taxes	79,883	14,264	43,167	137,314	27,506	9,694	37,200	174,514
TOTAL SALARIES AND RELATED EXPENSES	1,235,084	235,855	522,331	1,993,270	535,323	136,159	671,482	2,664,752
OTHER EXPENSES								
Advertising and Marketing	830	5,264	-	6,094	984	9,320	10,304	16,398
Bad Debt Expense	26,479	-	-	26,479	-	-	-	26,479
Bank and Payroll Fees	11,007	3,001	5,574	19,582	18,856	1,708	20,564	40,146
Conferences and Staff Training	6,609	732	1,848	9,189	13,545	2,567	16,112	25,301
Contract Services	149,961	11,778	16,777	178,516	38,240	25,464	63,704	242,220
Dues and Subscriptions	-	-	-	-	4,600	-	4,600	4,600
Equipment Rental and Maintenance	3,082	818	-	3,900	5,828	-	5,828	9,728
Insurance	9,004	5,460	4,601	19,065	6,789	1,148	7,937	27,002
Interest	-	-	-	-	17	-	17	17
Janitorial and Maintenance	3,829	980	1,895	6,704	1,573	631	2,204	8,908
Mileage and Expense Allowances	15,290	3,287	13,832	32,409	1,798	-	1,798	34,207
Miscellaneous Expense	294	136	285	715	721	-	721	1,436
Office Supplies	-	376	305	681	11,435	-	11,435	12,116
Outside Printing and Publications	-	-	-	-	-	2,644	2,644	2,644
Postage	-	-	-	-	4,067	227	4,294	4,294
Rent and Occupancy	63,169	16,047	30,712	109,928	44,090	10,203	54,293	164,221
Special Assistance and Other Program Expenses	120	1,869	20,504	22,493	-	-	-	22,493
Special Events Expenses	-	-	-	-	-	29,495	29,495	29,495
Telephone and Internet	17,996	3,553	10,558	32,107	3,836	1,365	5,201	37,308
TOTAL OTHER EXPENSES	307,670	53,301	106,891	467,862	156,379	84,772	241,151	709,013
Depreciation of Property and Equipment	-	-	-	-	27,700	-	27,700	27,700
TOTAL EXPENSES	1,542,754	289,156	629,222	2,461,132	719,402	220,931	940,333	3,401,465
Less: Special Events Expense Netted with Revenue	-	-	-	-	-	(29,495)	(29,495)	(29,495)
TOTAL FUNCTIONAL EXPENSES	\$ 1,542,754	\$ 289,156	\$ 629,222	\$ 2,461,132	\$ 719,402	\$ 191,436	\$ 910,838	\$ 3,371,970

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services			
	Care		Youth	Total	Management		Total	Total
	Counseling	Management	and Family	Program Services	and General	Fundraising	Supporting Services	
SALARIES AND RELATED EXPENSES								
Salaries	\$ 1,001,646	\$ 236,750	\$ 468,890	\$ 1,707,286	\$ 352,496	\$ 109,665	\$ 462,161	\$ 2,169,447
Employee Retirement Benefits	1,839	1,097	509	3,445	12,784	-	12,784	16,229
Employee Benefits	68,048	13,917	44,363	126,328	40,083	839	40,922	167,250
Payroll Taxes	70,712	15,521	38,138	124,371	32,914	7,724	40,638	165,009
TOTAL SALARIES AND RELATED EXPENSES	1,142,245	267,285	551,900	1,961,430	438,277	118,228	556,505	2,517,935
OTHER EXPENSES								
Advertising and Marketing	-	4,845	-	4,845	3,317	14,289	17,606	22,451
Bank and Payroll Fees	-	-	-	-	38,186	-	38,186	38,186
Conferences and Staff Training	2,594	1,497	2,586	6,677	12,825	3,764	16,589	23,266
Contract Services	115,717	2,190	52,362	170,269	54,697	11,717	66,414	236,683
Dues and Subscriptions	-	60	-	60	5,138	-	5,138	5,198
Equipment Rental and Maintenance	1,520	-	1,540	3,060	4,764	-	4,764	7,824
Insurance	13,390	2,924	7,591	23,905	6,729	844	7,573	31,478
Interest	-	-	-	-	575	-	575	575
Janitorial and Maintenance	5,417	995	2,574	8,986	1,843	233	2,076	11,062
Mileage and Expense Allowances	15,846	2,519	20,974	39,339	2,103	-	2,103	41,442
Miscellaneous Expense	-	124	-	124	4,913	-	4,913	5,037
Office Supplies	-	1,365	2,029	3,394	8,257	3,642	11,899	15,293
Outside Printing and Publications	300	-	-	300	-	1,964	1,964	2,264
Postage	42	-	-	42	4,331	371	4,702	4,744
Rent and Occupancy	78,095	16,217	43,247	137,559	41,030	3,545	44,575	182,134
Special Assistance and Other Program Expenses	-	41,137	18,917	60,054	-	-	-	60,054
Special Events Expenses	-	-	-	-	-	581	581	581
Telephone and Internet	15,135	2,581	6,414	24,130	12,223	413	12,636	36,766
TOTAL OTHER EXPENSES	248,056	76,454	158,234	482,744	200,931	41,363	242,294	725,038
Depreciation of Property and Equipment	-	-	-	-	39,064	-	39,064	39,064
TOTAL EXPENSES	1,390,301	343,739	710,134	2,444,174	678,272	159,591	837,863	3,282,037
Less: Special Events Expense Netted with Revenue	-	-	-	-	-	(581)	(581)	(581)
TOTAL FUNCTIONAL EXPENSES	\$ 1,390,301	\$ 343,739	\$ 710,134	\$ 2,444,174	\$ 678,272	\$ 159,010	\$ 837,282	\$ 3,281,456

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donors, Grantors, Third-Party Payers and Patients	\$ 3,488,996	\$ 3,120,751
Cash Paid to Suppliers and Employees	(3,323,116)	(3,131,067)
Interest Paid	(17)	(575)
Interest and Dividends Received	13,316	11,831
	179,179	940
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(20,000)
Proceeds from Disposal of Property and Equipment	-	18,474
Amounts Withdrawn from Investments	12,000	-
Reinvested Earnings and Amounts Deposited into Investments	(15,834)	(4,756)
	(3,834)	(6,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,352)	(8,102)
	172,993	(13,444)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	322,848	336,292
CASH AND CASH EQUIVALENTS - Beginning of Year	322,848	336,292
CASH AND CASH EQUIVALENTS - End of Year	\$ 495,841	\$ 322,848

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 101,094	\$ (68,226)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	27,700	39,064
Bad Debt Expense	26,479	-
Loss on Disposals of Property and Equipment	-	783
Unrealized (Gains) Losses on Investments	(59,370)	47,387
Realized (Gains) Losses - Investments and Beneficial Interest in Funds at DCF	(36,124)	1,748
Change in Assets		
Patient Accounts Receivable	71,349	(88,646)
Grants Receivable	26,914	(41,920)
Prepaid Expenses	(9,245)	78,972
Other Assets	1,150	-
Change in Liabilities		
Accounts Payable and Accrued Expenses	21,154	37,720
Accrued Pension Expense	8,078	(5,942)
Total Adjustments	78,085	69,166
NET CASH FROM OPERATING ACTIVITIES	\$ 179,179	\$ 940

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

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The purpose of Jewish Family Services of Delaware Inc. (Organization), a nonprofit organization located in Wilmington, Delaware, is to strengthen individuals, families, and the community by providing counseling and support services, based on Jewish values.

Basis of Accounting - The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

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 assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Changes in Accounting Principles - During the year ended December 31, 2019, the Organization changed its accounting methods for revenue recognition and contributions as a result of implementing the requirements in the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Updated (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Revenue Recognition - FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Contributions - In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating transactions to determine if they should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Changes in Accounting Principles - Continued

Contributions - Continued

While there were no changes to previously reported amounts as a result of implementing ASU 2018-08, there was an increase in grants receivable as of December 31, 2019, as a result of implementing ASU 2018-08. Prior to the year ended December 31, 2019, the Organization accounted for support received from the State of Delaware's Grant-in-Aid program as a conditional contribution. Beginning January 1, 2019, the Organization accounts for this support as an unconditional contribution and recognizes revenue and a corresponding promise to give on the date of the award, in accordance with ASU 2018-08.

Cash and Cash Equivalents - The Organization considers all cash and highly liquid investments with maturities of three months or less at the time acquired to be cash and cash equivalents.

Patient Accounts Receivable - Patient accounts receivable consist primarily of amounts due from patients and insurance companies. Accounts receivable are stated at estimated realizable value, with initial estimates of contract allowances and bad debts considered in determining the contract price. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. The Organization has not established an allowance for bad debts as it is deemed immaterial to the financial statements. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment - Property and equipment are stated at cost when purchased by the Organization. The Organization's capitalization threshold is \$1,000. Acquisitions below this amount are expensed. The costs of capitalized assets are depreciated over the estimated useful lives of the assets on a straight-line basis. Useful lives range from 3 to 20 years.

Donations of Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments - Under ASC 958, investments are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time or purpose restriction. Contributed securities are recorded at their fair value at date of receipt.

Financial Statement Presentation - In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, although their use may be limited by board designation.

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 met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization has elected the simultaneous release accounting policy for cost-reimbursement government grants and, accordingly, reports such grants as increases in net assets without donor restrictions.

Revenue Recognition for Contributions and Grants - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2019, conditional contributions of \$521,009, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contributions and Grants - Continued

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donated Services - Donated services are recognized as contributions in accordance with FASB ASC 958 if they (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 Organization. A substantial number of volunteers have donated significant amounts of time to the Organization's programs. The Organization has not recognized contribution revenue from donated services during the years ended December 31, 2019 and 2018 since the criteria for FASB ASC 958 were not met.

Revenue Recognition for Contracts with Customers - In accordance with FASB ASC 606, the Organization recognizes revenue resulting from exchange transactions when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of the principal exchange transactions from which the Organization generates revenue from contracts with customers:

Counseling Fees and Contract Revenues - The Organization provides a network of support to provide counseling and care services to strengthen individuals, families, and the community. These services are generally provided on demand and revenue is recognized at a point in time when services are provided.

Care Management - Revenue from care management consists primarily of services provided to assist and advocate for older or physically disabled individuals. Services provided include social and wellness activities, assistance with application for benefits and medical care, as well as mental health, legal or financial services. In June 2018, the Organization entered into a contract with a local senior housing facility to provide care management services to residents. The contract term is 24 months and will continue on a month to month basis unless cancelled by either party. The contract for services has the same timing and pattern of transfer and is a series of distinct services that are considered one performance obligation that is satisfied over a period of time. Accordingly, revenue is recognized monthly over time of the contract period. In addition, care management services are offered to individuals. These services are generally provided on demand and revenue is recognized at the point in time services are provided.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contract with Customers - Continued

JFS Village Network - The JFS Village Network is a community of support that provides older adults the services needed to enhance quality of life, remain active and encourage independence. Revenue from membership fees are recognized on a monthly basis over the membership period. The performance obligation consists of providing members with access to a variety of programs, activities, services, and information, and is recognized ratably as services are simultaneously received and consumed by the members. Members have the option to be billed annually or monthly. Customers who choose to be billed on a monthly basis are billed at the beginning of the month for that month of service. The Organization also provides transportation services to older adults and recognizes revenue at the point in time the related services are delivered.

Fundraising Income - Special Events - The Organization recognizes special event revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of direct benefits provided to the donor is recognized at the time the benefits are delivered, generally when the event occurs. Contribution revenue resulting from special events is recognized upon receipt. The Organization reports special event revenue on the statements of activities net of direct expenses.

Program fees received in advance of satisfying performance obligations are deferred to the applicable period in which the related service obligations are performed.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. Salary and related expenses are allocated based on time and effort. Insurance, rent and occupancy, telephone and internet, janitorial and maintenance, and conferences and staff training expenses are allocated based on full time equivalent and direct costs.

Advertising - The Organization expenses the cost of advertising when incurred.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Jewish Family Services of Delaware Inc. is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Income not related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Organization has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of December 31, 2019 and 2018. The federal informational returns of the Organization for the years ended December 31, 2016, 2017, and 2018 are subject to examination by the tax authorities, generally for three years after they were filed.

Subsequent Events - The Organization's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets or change in net assets.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 2: AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 495,841	\$ 322,848
Patient Accounts Receivable - Net	185,865	283,693
Grants Receivable	130,507	157,421
Investments	417,068	350,413
Beneficial Interests in Funds Held at Delaware Community Foundation	<u>227,750</u>	<u>195,077</u>
Total Financial Assets as of December 31	1,457,031	1,309,452
Less: Amounts Not Available for General Expenditures Within One Year		
Board-Designated Operating Reserve	(180,000)	(180,000)
Board-Designated Endowment Funds in Excess of Annual Spending Policy	(399,596)	(345,293)
Donor-Imposed Purpose Restrictions	(356,297)	(136,492)
Donor-Restricted Endowment Funds in Excess of Annual Spending Policy	<u>(213,247)</u>	<u>(180,094)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 307,891</u>	<u>\$ 467,573</u>

The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As described in Note 10, the Organization has a line of credit in the amount of \$100,000 that could be drawn upon in the event of an unanticipated liquidity need. As noted in the chart above, the Organization also has a \$180,000 board-designated operating reserve that could be used in the event of financial distress.

All donor-restricted and board-designated endowment funds held in investments are subject to an annual spending policy of 3%, and all donor-restricted and board-designated endowment funds held at Delaware Community Foundation are subject to an annual spending policy of 5%, as described in Note 8. Endowment fund amounts in excess of the annual spending policy have been reflected as unavailable for general expenditures within one year in the chart above.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 2: AVAILABILITY AND LIQUIDITY - CONTINUED

Although the Organization does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditures through the annual spending policy), these amounts could be made available by a board resolution in the event of financial distress or an immediate liquidity need.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution, which at times exceed federally insured limits. Although the Organization's cash balances may exceed insured limits in the normal course of business, in management's opinion there is no substantial risk associated with this concentration. The amount of credit exposure in excess of federally insured limits for cash and cash equivalents and certificates of deposit as of December 31, 2019 and 2018 was \$257,805 and \$81,412, respectively.

NOTE 4: FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consisted of the following as of December 31:

	2019	2018
Improvements	\$ 109,745	\$ 109,745
Furniture and Fixtures	169,359	169,359
Office Equipment	241,978	241,978
	521,082	521,082
Less: Accumulated Depreciation	(408,929)	(381,229)
Furniture, Fixtures, and Equipment - Net	\$ 112,153	\$ 139,853

NOTE 5: INVESTMENTS

The Organization has invested funds with Jewish Fund for the Future. The underlying investments are marketable debt and equity securities. Investments are marked to market on a regular basis by Jewish Fund for the Future and the Organization recognizes its investments at fair value accordingly. Cost and fair value of the investments were as follows as of December 31:

	Jewish Fund for the Future	Cost	Fair Value
2019		\$ 349,170	\$ 417,068
2018		341,885	350,413

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 6: BENEFICIAL INTEREST IN FUNDS HELD AT DELAWARE COMMUNITY FOUNDATION

The Organization established a fund at Delaware Community Foundation (DCF) and designated itself as the beneficiary subject to the terms of the fund agreement.

The purpose of the Jewish Family Services of Delaware Fund (Fund) is to provide for the long-term stability of the Organization. In order to carry out the purpose and objective of the Fund, the Organization and DCF must agree upon a percentage of principal assets of the Fund to be distributed to the Organization annually.

The Organization recognizes its investments held by DCF in accordance with FASB ASC 958. The Organization is entitled to receive quarterly distributions of income.

The investment balance at DCF was \$227,750 and \$195,077 as of December 31, 2019 and 2018, respectively. There were no distributions from the Fund during the years ended December 31, 2019 and 2018.

NOTE 7: FAIR VALUE MEASUREMENTS

The Organization follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 7: FAIR VALUE MEASUREMENTS - CONTINUED

Fair values of assets measured on a recurring basis were as follows as of December 31:

	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 417,068	\$ -	\$ 417,068	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>227,750</u>	<u>-</u>	<u>227,750</u>	<u>-</u>
Total Investments	<u>\$ 644,818</u>	<u>\$ -</u>	<u>\$ 644,818</u>	<u>\$ -</u>
	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 350,413	\$ -	\$ 350,413	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>195,077</u>	<u>-</u>	<u>195,077</u>	<u>-</u>
Total Investments	<u>\$ 545,490</u>	<u>\$ -</u>	<u>\$ 545,490</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 8: ENDOWMENT

The Organization's endowment consists of approximately 15 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 8: ENDOWMENT - CONTINUED

interpretation, the Organization retains in perpetuity (a) the original value of the initial gift amount donated to the fund (including promises to give net of discount and allowance for doubtful accounts), (b) the original value of subsequent gifts donated to the fund, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Organization and 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 the Organization, and (7) the investment policies of the Organization.

The fund's net asset composition based on the existence or absence of donor-imposed restrictions was as follows as of December 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 411,973	\$ -	\$ 411,973
Donor-Restricted Endowment Funds			
Original Gift Amounts Required to be Retained in Perpetuity	-	127,656	127,656
Accumulated Investment Gains	-	105,189	105,189
Total Donor-Restricted Endowment Funds	-	232,845	232,845
Total Endowment Funds	<u>\$ 411,973</u>	<u>\$ 232,845</u>	<u>\$ 644,818</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 355,621	\$ -	\$ 355,621
Donor-Restricted Endowment Funds			
Original Gift Amounts Required to be Retained in Perpetuity	-	117,656	117,656
Accumulated Investment Gains	-	72,213	72,213
Total Donor-Restricted Endowment Funds	-	189,869	189,869
Total Endowment Funds	<u>\$ 355,621</u>	<u>\$ 189,869</u>	<u>\$ 545,490</u>

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 8: ENDOWMENT - CONTINUED

Changes in endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2018	\$ 383,207	\$ 206,662	\$ 589,869
Investment Return			
Investment Income - Net of Fees	4,223	533	4,756
Net Losses - Realized and Unrealized	(31,809)	(17,326)	(49,135)
Total Investment Return (Loss)	(27,586)	(16,793)	(44,379)
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - December 31, 2018	355,621	189,869	545,490
Investment Return			
Investment Income - Net of Fees	4,425	1,409	5,834
Net Gains - Realized and Unrealized	63,927	31,567	95,494
Total Investment Return	68,352	32,976	101,328
Contributions	-	10,000	10,000
Appropriation of Endowment Assets for Expenditure	(12,000)	-	(12,000)
Endowment Net Assets - December 31, 2019	\$ 411,973	\$ 232,845	\$ 644,818

Spending Policy - The Organization's policy is to appropriate for distribution each year 3% of the fund's prior year fair value that is held in investments, and 5% of the fund's prior year fair value that is held at Delaware Community Foundation. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to continue to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional growth through new gifts and investment return.

Investment Return Objectives and Risk Parameters - The Organization 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

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 8: ENDOWMENT - CONTINUED

Investment Return Objectives and Risk Parameters - Continued - those assets of donor-restricted funds that the Organization 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 that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that is sufficient to offset normal inflation plus the spending policy. Actual returns in any given year may vary from this amount.

Investment Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets with donor restrictions. There were no deficiencies in funds as of December 31, 2019 and 2018.

NOTE 9: CAPITAL LEASES

During the years ended December 31, 2019 and 2018, the Organization leased office equipment for various terms under two capital lease agreements. During the year ended December 31, 2018, one capital lease agreement was terminated, and the office equipment was exchanged for new equipment under an operating lease agreement. The remaining capital lease agreement expires December 2020. The asset and liability under capital leases are originally recorded at the fair market value of the equipment. Amortization of assets under capital leases is included in depreciation expense. The following is a summary of the equipment held under capital leases as of December 31:

	2019	2018
Equipment	\$ 9,862	\$ 9,862
Less: Accumulated Depreciation	7,890	5,917
	\$ 1,972	\$ 3,945

As of December 31, 2019, future minimum payments under capital leases of \$748 are due in 2020.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 10: LINE OF CREDIT

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2019 and 2018. The line of credit bears interest at a rate equal to the *Wall Street Journal* prime rate plus 1%, with a floor of 4.25%. The effective rate of the line of credit as of December 31, 2019 and 2018 was 5.75% and 6.50%, respectively. The line is secured by all assets of the Organization. As of December 31, 2019 and 2018, there was no outstanding balance.

NOTE 11: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 248,713	\$ 466,752
Board-Designated for Specific Purposes Operating Reserve	<u>180,000</u>	<u>180,000</u>
Board-Designated Endowment Funds		
Pizer Fund	37,803	42,266
JFF General Fund	293,848	245,569
Jewish Volunteer Network	11,415	9,540
Barrett Fund	6,338	5,297
Engelmann Fund	6,717	5,613
Blumberg Fund	5,180	4,329
Weiss Fund	2,444	2,043
Zatuchni Family Endowment Fund	5,675	4,743
Tanny Fund	11,000	9,193
General Fund - Held at DCF	20,488	17,550
Grayson Fund - Held at DCF	3,005	2,574
Tanny Fund - Held at DCF	<u>8,060</u>	<u>6,904</u>
Total Board-Designated Endowment Funds	<u>411,973</u>	<u>355,621</u>
Total Net Assets Without Donor Restrictions	<u>\$ 840,686</u>	<u>\$ 1,002,373</u>

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose		
Community Education and Outreach	\$ -	\$ 17,000
Work Force Development	-	41,580
Village Garden	28,552	45,412
Sussex County - Care Navigation Program	-	7,500
Addiction Support, Counseling and Barriers to Treatment	100,000	-
Capital Project - Counseling Program	-	10,000
COMPASS Program	203,245	-
Memory Café	-	2,500
Electronic Health Record System	<u>24,500</u>	<u>12,500</u>
Total Subject to Expenditure for Specified Purpose	356,297	136,492
Subject to Endowment Spending Policy and Appropriation		
Donor-Restricted Endowment Funds to Support the Organization's Operational Sustainability	<u>232,845</u>	<u>189,869</u>
Total Net Assets With Donor Restrictions	<u>\$ 589,142</u>	<u>\$ 326,361</u>

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors.

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished		
JFS Village Network Program	\$ 500	\$ 1,000
Capital Project or At-Risk Elderly Program	-	24,925
Community Education and Outreach	27,000	16,675
Relief Fund	-	7,909
Services for Battered Women	-	10,908
Support for Vulnerable Persons	10,000	200,000
Work Force Development	79,580	43,420
Village Garden	27,460	3,510
Lewes Office	8,800	29,628
Sussex County - Care Navigation Program	-	30,000
Refugee Resettlement	5,000	59,391
Addiction Support, Counseling and Barriers to Treatment	44,500	-
Capital Project - Counseling Program	10,000	-
Play Therapy, COMPASS and Care Navigation	135,255	-
Memory Café	<u>2,500</u>	<u>-</u>
Total Restrictions Released	<u>\$ 350,595</u>	<u>\$ 427,366</u>

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 13: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables disaggregate the Organization's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	2019		
	Services Provided		
	At a Point in Time	Over Time	Total
Counseling Fees and Contract Revenue	\$ 1,480,536	\$ -	\$ 1,480,536
Care Management	5,617	67,892	73,509
JFS Village Network Revenue	16,078	17,205	33,283
Special Events	30,407	-	30,407
	<u>\$ 1,532,638</u>	<u>\$ 85,097</u>	<u>\$ 1,617,735</u>
	2018		
	Services Provided		
	At a Point in Time	Over Time	Total
Counseling Fees and Contract Revenue	\$ 1,479,366	\$ -	\$ 1,479,366
Care Management	-	64,084	64,084
JFS Village Network Revenue	6,899	19,320	26,219
Special Events	2,001	-	2,001
	<u>\$ 1,488,266</u>	<u>\$ 83,404</u>	<u>\$ 1,571,670</u>

Accounts receivable from contracts with customers are as follows:

	2019	2018
Beginning of Year	\$ 283,693	\$ 195,047
End of Year	185,865	283,693

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 14: INVESTMENT GAINS (LOSSES)

Investment gains (losses) consisted of the following for the years ended December 31:

	2019	2018
Gains (Losses) - Beneficial Interest in Funds at DCF	\$ 31,469	\$ (17,847)
Realized Gains - Investments	4,655	16,099
Unrealized Gains (Losses) - Investments	59,370	(47,387)
Total	\$ 95,494	\$ (49,135)

NOTE 15: PENSION PLAN

The Organization sponsors a 401(k) retirement plan with a safe harbor employer matching feature. The safe harbor contributions are a 100% match on employee salary deferrals up to 4% of compensation. Additional matching contributions and qualified non-elective contributions are made at the discretion of the Organization. Eligible employees may participate in elective deferrals on the date of employment. Eligible employees may participate in the safe harbor matching contributions and discretionary employer contributions after completing 1 year of service and attaining the age of 21.

Contributions to the plan for the years ended December 31, 2019 and 2018 were \$23,480 and \$16,229, respectively.

NOTE 16: OPERATING LEASES

The Organization leased approximately 2,000 square feet of office space for its satellite office in Newark, Delaware. The initial term of the lease expired on December 31, 2012. The lease agreement offered an option of renewing for an additional five terms, of two years each, with a 3% increase in the annual base rent each January. The Organization exercised its first four renewal options. The most recent lease term was set to expire in December 2020 and required monthly payments of \$2,609. Subsequent to the year ended December 31, 2019, the Organization entered into an agreement with the landlord to terminate the lease early and moved out of the space on May 31, 2020. The Organization forfeited a \$2,000 security deposit.

During the year ended December 31, 2015, the Organization entered into a lease for approximately 1,800 square feet of office space for its satellite office in Lewes, Delaware, which began operations in January 2016. The initial lease term began on December 1, 2015 and expired on November 30, 2019. The lease agreement offered an option of renewing for an additional two terms, of four years each, with a 3% increase in the annual base rent each December. The Organization has exercised its first renewal option. The current least term expires in November 2023 and requires monthly payments of \$2,500.

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 16: OPERATING LEASES - CONTINUED

The Organization leases 7,287 square feet of office space from the Jewish Federation of Delaware (Federation) at the Harry & Jeanette Weinberg Jewish Community Campus, located in Wilmington, Delaware. The Organization entered into a lease agreement effective January 1, 2017 for a three-year term which expired on December 31, 2019. During the year ended December 31, 2019 the Organization entered into a new lease agreement effective January 1, 2020 for a three-year term, expiring on December 31, 2022, with the option of one three-year renewal. Annual rent is determined on a yearly basis according to the Federation's facilities management budget. The monthly rent required during the years ended December 31, 2019 and 2018 was \$6,986 and \$6,783, respectively.

During the year ended December 31, 2018, the Organization entered into an operating lease agreement for office equipment which expires May 2023.

Total rental expense was \$140,423 and \$167,671 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$ 153,117
2021	122,714
2022	123,644
2023	<u>33,341</u>
	<u>\$ 432,816</u>

NOTE 17: SUBSEQUENT EVENTS

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments, and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. As the COVID-19 pandemic is complex and evolving, the Organization cannot reasonably estimate the duration and severity of this pandemic on the Organization's financial position, results of operations and cash flows. Possible effects may include disruption to the Organization's grantors, contributors, and service revenue, and a decline in the value of marketable securities. Management currently believes that it has adequate liquidity and business plans to address these risks for the next 12 months from the date of this report.

In response to the uncertainty created by the COVID-19 pandemic, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A provision of the CARES Act allowed for loans to eligible small businesses, including nonprofit organizations, under its Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) administered by the U.S. Small Business Administration. PPP Loans have a

JEWISH FAMILY SERVICES OF DELAWARE INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019 AND 2018

NOTE 17: SUBSEQUENT EVENTS - CONTINUED

maturity of 2 years and incur interest at a rate of 1%. PPP Loans contain provisions to forgive all or a portion of the funds borrowed based on a calculation that considers the borrower's incurrence of eligible costs and ability to maintain employee and salary levels for a period of time after receipt of the loan funds. In May 2020, the Organization received a PPP Loan in the amount of \$439,113. EIDL Loans have a maturity of 30 years and incur interest at a rate of 2.75%. EIDL Loan proceeds are to be used solely as working capital to alleviate the economic injury caused by the COVID pandemic and the loan is secured by all collateral of the Organization. In April 2020, the Organization received an EIDL Loan in the amount of \$500,000 with monthly payments of principal and interest in the amount of \$2,136 commencing 12 months after the date of the loan.

In May 2020, the Organization entered into an agreement to merge with Cancer Care Connection (CCC), a separate nonprofit organization. Effective July 1st, 2020, CCC will continue to operate as a separate entity under the control of the Organization. As a result, the transaction will be recognized as an acquisition in accordance with FASB Codification 958-805, *Business Combination*. The Organization will assume all assets and liabilities of CCC as of the acquisition date and recognize revenue and expenses prospectively after acquisition.