

**JEWISH FAMILY SERVICES  
OF DELAWARE INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2018 AND 2017**

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2018 AND 2017**

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

---

[www.belfint.com](http://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, 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.

*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, 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.

*Belfint, Lyons & Shuman, P.A.*

May 3, 2019

Wilmington, Delaware

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 322,848	\$ 336,292
Patient Accounts Receivable - Net	283,693	195,047
Grants Receivable	157,421	115,501
Prepaid Expenses	3,945	82,917
<b>TOTAL CURRENT ASSETS</b>	<b>767,907</b>	<b>729,757</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Fixtures, and Equipment	521,082	576,902
Less: Accumulated Depreciation	(381,229)	(392,071)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>139,853</b>	<b>184,831</b>
<b>OTHER ASSETS</b>		
Security Deposits	5,400	5,400
Investments	350,413	377,241
Beneficial Interest in Funds Held at Delaware Community Foundation	195,077	212,628
<b>TOTAL OTHER ASSETS</b>	<b>550,890</b>	<b>595,269</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,458,650</b>	<b>\$ 1,509,857</b>

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

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**STATEMENTS OF FINANCIAL POSITION - CONTINUED**  
**DECEMBER 31, 2018 AND 2017**

**LIABILITIES AND NET ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 114,899	\$ 77,179
Accrued Pension Expense	11,917	17,859
Current Maturities of Capital Lease Payable	<u>1,983</u>	<u>11,604</u>
<b>TOTAL CURRENT LIABILITIES</b>	128,799	106,642
<b>OTHER LIABILITIES</b>		
Capital Lease Payable (Net of Current Maturities)	<u>1,117</u>	<u>6,255</u>
<b>TOTAL LIABILITIES</b>	<u>129,916</u>	<u>112,897</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	466,752	300,724
Board-Designated Operating Reserve	180,000	180,000
Board-Designated Endowment Funds	<u>355,621</u>	<u>383,207</u>
Total Without Donor Restrictions	<u>1,002,373</u>	<u>863,931</u>
With Donor Restrictions		
Purpose Restricted	136,492	326,367
Donor-Restricted Endowment Funds	<u>189,869</u>	<u>206,662</u>
Total With Donor Restrictions	<u>326,361</u>	<u>533,029</u>
<b>TOTAL NET ASSETS</b>	<u>1,328,734</u>	<u>1,396,960</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,458,650</u>	<u>\$ 1,509,857</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**

	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE FROM OPERATIONS</b>			
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	970,934	-	970,934
Other Grants	171,150	172,000	343,150
Total Public Support	<u>1,352,037</u>	<u>237,491</u>	<u>1,589,528</u>
Other Revenue			
Program Fees - Net			
Counseling Fees and Contract Revenue	1,455,778	-	1,455,778
Care Management	185,162	-	185,162
JFS Village Network Revenue	26,219	-	26,219
Total Other Revenue	<u>1,667,159</u>	<u>-</u>	<u>1,667,159</u>
<b>TOTAL SUPPORT AND REVENUE FROM OPERATIONS</b>	<u>3,019,196</u>	<u>237,491</u>	<u>3,256,687</u>
<b>OPERATING EXPENSES</b>			
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>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,281,456</u>	<u>-</u>	<u>3,281,456</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(262,260)</u>	<u>237,491</u>	<u>(24,769)</u>
<b>NONOPERATING SUPPORT AND REVENUE</b>			
Investment Income - Net of Fees	4,508	533	5,041
Losses on Investments	(31,809)	(17,326)	(49,135)
Special Events - Net of Expenses	1,420	-	1,420
Other Loss	(783)	-	(783)
<b>TOTAL NONOPERATING SUPPORT AND REVENUE</b>	<u>(26,664)</u>	<u>(16,793)</u>	<u>(43,457)</u>
Net Assets Released from Restrictions	427,366	(427,366)	-
<b>CHANGE IN NET ASSETS</b>	138,442	(206,668)	(68,226)
<b>NET ASSETS - Beginning of Year</b>	<u>863,931</u>	<u>533,029</u>	<u>1,396,960</u>
<b>NET ASSETS - End of Year</b>	<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 ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

	2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE FROM OPERATIONS</b>			
Public Support			
Contributions	\$ 84,320	\$ 12,001	\$ 96,321
United Way of Delaware	33,645	-	33,645
Jewish Federation of Delaware Allocations	50,750	-	50,750
Grants from Government Agencies	927,487	-	927,487
Other Grants	8,502	184,120	192,622
Total Public Support	<u>1,104,704</u>	<u>196,121</u>	<u>1,300,825</u>
Other Revenue			
Program Fees - Net			
Counseling Fees and Contract Revenue	1,171,769	-	1,171,769
Care Management	158,876	-	158,876
JFS Village Network Revenue	29,862	-	29,862
Total Other Revenue	<u>1,360,507</u>	<u>-</u>	<u>1,360,507</u>
<b>TOTAL SUPPORT AND REVENUE FROM OPERATIONS</b>	<u>2,465,211</u>	<u>196,121</u>	<u>2,661,332</u>
<b>OPERATING EXPENSES</b>			
Program Services			
Counseling	1,379,254	-	1,379,254
Care Management	419,261	-	419,261
Youth Development	683,994	-	683,994
Total Program Services	<u>2,482,509</u>	<u>-</u>	<u>2,482,509</u>
Supporting Services			
Management and General	618,747	-	618,747
Fundraising	57,148	-	57,148
Total Supporting Services	<u>675,895</u>	<u>-</u>	<u>675,895</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,158,404</u>	<u>-</u>	<u>3,158,404</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(693,193)</u>	<u>196,121</u>	<u>(497,072)</u>
<b>NONOPERATING SUPPORT AND REVENUE</b>			
Investment Income - Net of Fees	7,613	1,119	8,732
Gains on Investments	44,099	24,247	68,346
Other Income	13,888	-	13,888
<b>TOTAL NONOPERATING SUPPORT AND REVENUE</b>	<u>65,600</u>	<u>25,366</u>	<u>90,966</u>
Net Assets Released from Restrictions	426,617	(426,617)	-
<b>CHANGE IN NET ASSETS</b>	<u>(200,976)</u>	<u>(205,130)</u>	<u>(406,106)</u>
<b>NET ASSETS - Beginning of Year</b>	<u>1,064,907</u>	<u>738,159</u>	<u>1,803,066</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 863,931</u>	<u>\$ 533,029</u>	<u>\$ 1,396,960</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, 2018**

	<u>Program Services</u>			<u>Supporting Services</u>				
		<u>Care</u>	<u>Youth</u>	<u>Total</u>			<u>Total</u>	
	<u>Counseling</u>	<u>Management</u>	<u>and Family</u>	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>								
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
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>1,142,245</u>	<u>267,285</u>	<u>551,900</u>	<u>1,961,430</u>	<u>438,277</u>	<u>118,228</u>	<u>556,505</u>	<u>2,517,935</u>
<b>OTHER EXPENSES</b>								
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	4,223	12,480	15,874
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
Telephone and Internet	15,135	2,581	6,414	24,130	12,223	413	12,636	36,766
<b>TOTAL OTHER EXPENSES</b>	<u>248,056</u>	<u>76,454</u>	<u>158,234</u>	<u>482,744</u>	<u>200,931</u>	<u>41,363</u>	<u>242,294</u>	<u>725,038</u>
Depreciation of Property and Equipment	-	-	-	-	39,064	-	39,064	39,064
<b>TOTAL EXPENSES</b>	<u>1,390,301</u>	<u>343,739</u>	<u>710,134</u>	<u>2,444,174</u>	<u>678,272</u>	<u>159,591</u>	<u>837,863</u>	<u>3,282,037</u>
Less: Special Events Expense Netted with Revenue	-	-	-	-	-	(581)	(581)	(581)
<b>TOTAL EXPENSES ON STATEMENT OF ACTIVITIES</b>	<u>\$ 1,390,301</u>	<u>\$ 343,739</u>	<u>\$ 710,134</u>	<u>\$ 2,444,174</u>	<u>\$ 678,272</u>	<u>\$ 159,010</u>	<u>\$ 837,282</u>	<u>\$ 3,281,456</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, 2017**

	<u>Program Services</u>			<u>Supporting Services</u>				
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth and Family</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>								
Salaries	\$ 849,775	\$ 240,496	\$ 412,609	\$1,502,880	\$ 366,438	\$ 12,308	\$ 378,746	\$ 1,881,626
Employee Retirement Benefits	10,418	1,488	1,488	13,394	4,465	-	4,465	17,859
Employee Benefits	58,320	14,380	29,486	102,186	55,021	-	55,021	157,207
Payroll Taxes	57,396	26,149	20,017	103,562	31,641	942	32,583	136,145
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>975,909</b>	<b>282,513</b>	<b>463,600</b>	<b>1,722,022</b>	<b>457,565</b>	<b>13,250</b>	<b>470,815</b>	<b>2,192,837</b>
<b>OTHER EXPENSES</b>								
Advertising and Marketing	1,223	1,716	384	3,323	1,236	37,056	38,292	41,615
Bank and Payroll Fees	23,604	10,456	6,192	40,252	1,810	-	1,810	42,062
Conferences and Staff Training	519	454	151	1,124	27,550	-	27,550	28,674
Contract Services	216,290	42,727	110,379	369,396	33,541	-	33,541	402,937
Dues and Subscriptions	-	424	-	424	7,491	-	7,491	7,915
Equipment Rental and Maintenance	89	-	-	89	2,249	-	2,249	2,338
Insurance	13,652	1,980	4,036	19,668	6,011	-	6,011	25,679
Interest	-	-	-	-	2,857	-	2,857	2,857
Janitorial and Maintenance	6,434	1,196	-	7,630	3,045	-	3,045	10,675
Mileage and Expense Allowances	13,493	3,440	21,626	38,559	5,825	-	5,825	44,384
Miscellaneous Expense	2,537	1,191	777	4,505	14,686	-	14,686	19,191
Office Supplies	3,305	485	1,788	5,578	10,605	-	10,605	16,183
Outside Printing and Publications	-	344	-	344	-	6,842	6,842	7,186
Postage	-	39	2	41	5,061	-	5,061	5,102
Rent and Occupancy	82,415	31,125	18,583	132,123	21,569	-	21,569	153,692
Special Assistance and Other Program Expenses	-	25,588	39,090	64,678	250	-	250	64,928
Telephone and Internet	13,743	7,174	8,471	29,388	8,668	-	8,668	38,056
<b>TOTAL OTHER EXPENSES</b>	<b>377,304</b>	<b>128,339</b>	<b>211,479</b>	<b>717,122</b>	<b>152,454</b>	<b>43,898</b>	<b>196,352</b>	<b>913,474</b>
Depreciation of Property and Equipment	26,041	8,409	8,915	43,365	8,728	-	8,728	52,093
<b>TOTAL EXPENSES</b>	<b>\$1,379,254</b>	<b>\$ 419,261</b>	<b>\$ 683,994</b>	<b>\$2,482,509</b>	<b>\$ 618,747</b>	<b>\$ 57,148</b>	<b>\$ 675,895</b>	<b>\$ 3,158,404</b>

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, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (68,226)	\$ (406,106)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	39,064	52,093
Loss on Disposals of Property and Equipment	783	-
Unrealized (Gains) Losses on Investments	47,387	(37,317)
Realized (Gains) Losses - Investments and Beneficial Interest in Funds at DCF	1,748	(31,029)
Change in Assets		
Patient Accounts Receivable	(88,646)	89,630
Grants Receivable	(41,920)	30,252
Prepaid Expenses	78,972	(26,990)
Other Assets	-	(1,150)
Change in Liabilities		
Accounts Payable and Accrued Expenses	37,720	(18,351)
Accrued Pension Expense	(5,942)	(43,976)
	<b>940</b>	<b>(392,944)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(20,000)	(14,522)
Proceeds from Disposal of Property and Equipment	18,474	-
Purchase of Investments	(4,756)	(8,732)
	<b>(6,282)</b>	<b>(23,254)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(8,102)	(11,770)
	<b>(8,102)</b>	<b>(11,770)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,444)</b>	<b>(427,968)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>336,292</b>	<b>764,260</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 322,848</b>	<b>\$ 336,292</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest Paid	<b>\$ 575</b>	<b>\$ 2,857</b>

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

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 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.

*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.

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

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

*Contributions* - 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. Such contributions are required to be 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.

*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.

*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, 2018 and 2017 since the criteria for FASB ASC 958 were not met.

*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.

*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.

*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.

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

**United Way Allocations** - The Organization receives an allocation from the United Way of Delaware Community Impact Fund. The funds received are utilized for the programs and services specified in the Organization's application.

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

**Patient Accounts Receivable** - Patient accounts receivable consist primarily of amounts due from patients and insurance companies. Accounts receivable are stated at unpaid balances, less an allowance for contract adjustments and doubtful accounts on the program services. 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. Allowance for contract adjustments and bad debts was \$26,420 as of December 31, 2018 and 2017. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Bad debt expense for the years ended December 31, 2018 and 2017 totaled \$0.

**Net Program Fees Revenue** - The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net program fees revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. During the years ended December 31, 2018 and 2017, program fees revenue was net of contract adjustments totaling \$389,539 and \$233,318, respectively.

**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.

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 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, 2018 and 2017.

The federal informational returns of the Organization for the years ended December 31, 2015, 2016, and 2017 are subject to examination by the tax authorities, generally for three years after they were filed.

*Change in Accounting Principle* - 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. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 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:

Financial Assets as of December 31, 2018	
Cash and Cash Equivalents	\$ 322,848
Patient Accounts Receivable - Net	283,693
Grants Receivable	157,421
Investments	350,413
Beneficial Interests in Funds Held at Delaware Community Foundation	<u>195,077</u>
 Total Financial Assets as of December 31, 2018	 1,309,452
Less Amounts Not Available for General Expenditures Within One Year	
Board-Designated Operating Reserve	(180,000)
Board-Designated Endowment Funds in Excess of Annual Spending Policy	(345,293)
Donor-Imposed Purpose Restrictions	(136,492)
Donor-Restricted Endowment Funds in Excess of Annual Spending Policy	(62,438)
Donor-Restricted Endowment Funds Not Subject to Appropriation or Expenditure	<u>(117,656)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u><u>\$ 467,573</u></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 16, 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 15. 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. 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.



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

**NOTE 3: NET ASSETS WITHOUT DONOR RESTRICTIONS**

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

	<u>2018</u>	<u>2017</u>
Undesignated	<u>\$ 466,752</u>	<u>\$ 300,724</u>
Board-Designated Endowment Funds		
Pizer Fund	42,266	45,502
JFF General Fund	245,569	264,370
Jewish Volunteer Network	9,540	10,272
Barrett Fund	5,297	5,702
Engelmann Fund	5,613	6,043
Blumberg Fund	4,329	4,661
Weiss Fund	2,043	2,199
Zatuchni Family Endowment Fund	4,743	5,106
Tanny Fund	9,193	9,897
General Fund - Held at DCF	17,550	19,124
Grayson Fund - Held at DCF	2,574	2,806
Tanny Fund - Held at DCF	<u>6,904</u>	<u>7,525</u>
Total Board-Designated Endowment Funds	<u>355,621</u>	<u>383,207</u>
Board-Designated for Specific Purposes		
Operating Reserve	<u>180,000</u>	<u>180,000</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 1,002,373</u></u>	<u><u>\$ 863,931</u></u>

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

**NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2018</u>	<u>2017</u>
Subject to Expenditure for Specified Purpose		
Capital Project or At-Risk Elderly Program	\$ -	\$ 24,925
Community Education and Outreach	17,000	10,675
Relief Fund	-	7,909
Services for Battered Women	-	10,908
Support for Vulnerable Persons	-	200,000
Work Force Development	41,580	-
Village Garden	45,412	42,322
Lewes Office	-	29,628
Sussex County - Care Navigation Program	7,500	-
Capital Project - Counseling Program	10,000	-
Memory Café	2,500	-
Electronic Health Record System	12,500	-
	<u>136,492</u>	<u>326,367</u>
Subject to Endowment Spending Policy and Appropriation		
Donor-Restricted Endowment Funds for General Use	<u>72,213</u>	<u>89,006</u>
Not Subject to Appropriation or Expenditure		
Donor-Restricted Endowment Funds to be Held in Perpetuity	<u>117,656</u>	<u>117,656</u>
	<u>\$ 326,361</u>	<u>\$ 533,029</u>

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

**NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

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

	<u>2018</u>	<u>2017</u>
Purpose Restrictions Accomplished		
JFS Village Network Program	\$ 1,000	\$ 5,325
Capital Project or At-Risk Elderly Program	24,925	26,000
Community Education and Outreach	16,675	5,000
Relief Fund	7,909	-
Services for Battered Women	10,908	-
Support for Vulnerable Persons	200,000	-
Work Force Development	43,420	197,592
Village Garden	3,510	1,500
Lewes Office	29,628	146,300
Sussex County - Care Navigation Program	30,000	-
Refugee Resettlement	<u>59,391</u>	<u>44,900</u>
Total Restrictions Released	<u>\$ 427,366</u>	<u>\$ 426,617</u>

**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:

	<u>Jewish Fund for the Future</u>	<u>Cost</u>	<u>Fair Value</u>
2018	\$ 341,885	\$ 350,413	
2017	321,326	377,241	

**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.

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

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

The Organization recognizes its investments held by DCF in accordance with FASB ASC 958. The assets held by the DCF are designated as the Fund and recorded in the financial statements. The Organization is entitled to receive quarterly distributions of income.

The investment balance at DCF was \$195,077 and \$212,628 as of December 31, 2018 and 2017, respectively. There were no distributions from the Fund during the years ended December 31, 2018 and 2017.

**NOTE 7: INVESTMENT GAINS (LOSSES)**

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

	<u>2018</u>	<u>2017</u>
Gains (Losses) - Beneficial Interest in Funds at DCF	\$ (17,847)	\$ 25,008
Realized Gains - Investments	16,099	6,021
Unrealized Gains (Losses) - Investments	<u>(47,387)</u>	<u>37,317</u>
Total	<u>\$ (49,135)</u>	<u>\$ 68,346</u>

**NOTE 8: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in several financial institutions, 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, 2018 and 2017 was \$81,412 and \$141,785, respectively.

**NOTE 9: FURNITURE, FIXTURES, AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
Improvements	\$ 109,745	\$ 109,745
Furniture and Fixtures	169,359	169,359
Office Equipment	<u>241,978</u>	<u>297,798</u>
	521,082	576,902
Less: Accumulated Depreciation	<u>(381,229)</u>	<u>(392,071)</u>
Furnitures, Fixtures, and Equipment - Net	<u>\$ 139,853</u>	<u>\$ 184,831</u>

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

**NOTE 10: OPERATING LEASES**

The Organization leases 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 has exercised its first four renewal options. The current lease term expires in December 2020 and requires monthly payments of \$2,533.

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 expires on November 30, 2019. The lease agreement offered an option of renewing for an additional two terms, of four years each. The current lease term requires monthly payments of \$2,493 through November 2019, with a 3% increase in year three and year four.

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 lease expired December 31, 2016. The Organization entered into a new lease agreement effective January 1, 2017 for a three-year term, expiring on December 31, 2019, 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 for 2019 is \$6,783.

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 \$167,671 and \$143,526 for the years ended December 31, 2018 and 2017, respectively.

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

2019	\$	147,113
2020		39,202
2021		7,897
2022		7,897
2023		3,291
		<u>3,291</u>
	\$	<u>205,400</u>

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

**NOTE 11: CAPITAL LEASES**

During the years ended December 31, 2018 and 2017, 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:

	2018	2017
Equipment	\$ 9,862	\$ 47,817
Less: Accumulated Depreciation	5,917	31,804
	\$ 3,945	\$ 16,013

As of December 31, 2018, future minimum lease payments under capital leases are summarized as follows:

	2019	\$ 2,000
	2020	1,123
		3,123
Less: Amounts Representing Imputed Interest		23
PV of Future Minimum Lease Payments		3,100
Less: Current Maturities		1,983
Capital Lease Obligations - Net of Current Maturities		\$ 1,117

**NOTE 12: 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, 2018 and 2017 were \$16,229 and \$17,859, respectively.

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

**NOTE 13: COMMITMENTS**

The Organization has an employment agreement with their chief executive officer through December 2019.

**NOTE 14: 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.

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

	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>

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

**NOTE 14: FAIR VALUE MEASUREMENTS - CONTINUED**

	2017			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 377,241	\$ -	\$ 377,241	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>212,628</u>	<u>-</u>	<u>212,628</u>	<u>-</u>
Total Investments	<u>\$ 589,869</u>	<u>\$ -</u>	<u>\$ 589,869</u>	<u>\$ -</u>

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

**NOTE 15: ENDOWMENT**

The Organization's endowment consists of approximately 14 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 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.



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

**NOTE 15: ENDOWMENT - CONTINUED**

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

	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>
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 383,207	\$ -	\$ 383,207
Donor-Restricted Endowment Funds			
Original Gift Amounts Required to be Retained in Perpetuity	-	117,656	117,656
Accumulated Investment Gains	-	89,006	89,006
Total Donor-Restricted Endowment Funds	-	206,662	206,662
Total Endowment Funds	<u>\$ 383,207</u>	<u>\$ 206,662</u>	<u>\$ 589,869</u>

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

**NOTE 15: ENDOWMENT - CONTINUED**

Changes in endowment net assets for the years ended December 31, 2018 and 2017 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2017	\$ 331,495	\$ 181,296	\$ 512,791
Investment Return			
Investment Income - Net of Fees	7,613	1,119	8,732
Net Appreciation - Realized and Unrealized	44,099	24,247	68,346
Total Investment Return	51,712	25,366	77,078
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - December 31, 2017	383,207	206,662	589,869
Investment Return (Loss)			
Investment Income - Net of Fees	4,223	533	4,756
Net Depreciation - 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

**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.

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

**NOTE 15: ENDOWMENT - CONTINUED**

*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 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, 2018 and 2017.

**NOTE 16: LINE OF CREDIT**

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2018 and 2017. 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, 2018 and 2017 was 6.50% and 5.50%, respectively. The line is secured by all assets of the Organization. As of December 31, 2018 and 2017, there was no outstanding balance.

**NOTE 17: SPECIAL EVENTS**

The Organization reports special event revenue on the statements of activities net of direct expenses. Direct expenses for the years ended December 31, 2018 and 2017 totaled \$581 and \$0, respectively.

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

**NOTE 18: ADJUSTMENTS TO PRIOR PERIOD FINANCIAL STATEMENTS**

Certain accounts in the prior year's financial statements have been reclassified to conform to the presentation of the current year's financial statements. These reclassifications had no effect on previously reported change in net assets or total net assets.

During the year ended December 31, 2018, management restated the financial statements for the year ended December 31, 2017 to properly reflect the classification of net assets based on supporting documentation. These changes had no effect on previously reported change in net assets or total net assets. Additionally, as discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of this new accounting pronouncement have been applied retrospectively to all periods presented.

The effect of the above-referenced restatement and the implementation of the new accounting pronouncement on the 2017 financial statements is as follows:

	As Previously Reported	Reclassification	Effect of New Accounting Pronouncement	As Restated
As of December 31, 2017				
Net Assets - Unrestricted	\$ 746,828	\$ 117,103	\$ (863,931)	\$ -
Net Assets - Temporarily Restricted	538,934	(123,561)	(415,373)	-
Net Assets - Permanently Restricted	111,198	6,458	(117,656)	-
Net Assets - With Donor Restrictions	-	-	533,029	533,029
Net Assets - Without Donor Restrictions	-	-	863,931	863,931
Total Net Assets	1,396,960	-	-	1,396,960
As of December 31, 2016				
Net Assets - Unrestricted	933,377	131,530	(1,064,907)	-
Net Assets - Temporarily Restricted	758,491	(137,988)	(620,503)	-
Net Assets - Permanently Restricted	111,198	6,458	(117,656)	-
Net Assets - With Donor Restrictions	-	-	738,159	738,159
Net Assets - Without Donor Restrictions	-	-	1,064,907	1,064,907
Total Net Assets	1,803,066	-	-	1,803,066