

**JEWISH FAMILY SERVICES  
OF DELAWARE INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2017 AND 2016**

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
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**DECEMBER 31, 2017 AND 2016**

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BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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*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, 2017 and 2016, 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, 2017 and 2016, 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 18, 2018

Wilmington, Delaware

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 273,467	\$ 701,435
Patient Accounts Receivable - Net	195,047	284,677
Grants Receivable	115,501	145,753
Prepaid Expenses	82,917	55,927
<b>TOTAL CURRENT ASSETS</b>	<b>666,932</b>	<b>1,187,792</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Fixtures, and Equipment	576,902	562,380
Less: Accumulated Depreciation	(392,071)	(339,978)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>184,831</b>	<b>222,402</b>
<b>OTHER ASSETS</b>		
Security Deposits	5,400	4,250
Restricted Cash for Endowment Funds	62,825	62,825
Investments	377,241	325,960
Beneficial Interest in Funds Held at Delaware Community Foundation	212,628	186,831
<b>TOTAL OTHER ASSETS</b>	<b>658,094</b>	<b>579,866</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,509,857</b>	<b>\$ 1,990,060</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 77,179	\$ 95,530
Accrued Pension Expense	17,859	61,835
Current Maturities of Capital Lease Payable	11,604	10,189
<b>TOTAL CURRENT LIABILITIES</b>	<b>106,642</b>	<b>167,554</b>
<b>OTHER LIABILITIES</b>		
Capital Lease Payable (Net of Current Maturities)	6,255	19,440
<b>TOTAL LIABILITIES</b>	<b>112,897</b>	<b>186,994</b>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	292,186	516,068
Unrestricted - Board-Designated	454,642	417,309
Total Unrestricted	746,828	933,377
Temporarily Restricted	538,934	758,491
Permanently Restricted	111,198	111,198
<b>TOTAL NET ASSETS</b>	<b>1,396,960</b>	<b>1,803,066</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,509,857</b>	<b>\$ 1,990,060</b>

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

**JEWISH FAMILY SERVICES OF DELAWARE INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE</b>				
Public Support				
Contributions	\$ 48,273	\$ 48,048	\$ -	\$ 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
Administration of Emergency Food and Shelter Program	-	-	-	-
Other Grants	8,502	184,120	-	192,622
Total Public Support	<u>1,068,657</u>	<u>232,168</u>	<u>-</u>	<u>1,300,825</u>
Other Revenue				
Program Fees - Net				
Counseling Fees and Contract Revenue	1,165,484	-	-	1,165,484
Care Management	158,876	-	-	158,876
Brandywine Village Network Revenue	29,862	-	-	29,862
Youth Development	-	-	-	-
Communal Services	6,285	-	-	6,285
Total Other Revenue	<u>1,360,507</u>	<u>-</u>	<u>-</u>	<u>1,360,507</u>
Investment Income	9,251	5,323	-	14,574
Gains on Investments	42,175	26,171	-	68,346
Special Events - Net of Expenses	-	-	-	-
Other Income	13,888	-	-	13,888
Net Assets Released from Restrictions	483,219	(483,219)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,977,697</u>	<u>(219,557)</u>	<u>-</u>	<u>2,758,140</u>
<b>OPERATING EXPENSE</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>-</u>	<u>2,482,509</u>
Supporting Services				
Management, General, and Development	681,737	-	-	681,737
<b>TOTAL OPERATING EXPENSES</b>	<u>3,164,246</u>	<u>-</u>	<u>-</u>	<u>3,164,246</u>
<b>CHANGE IN NET ASSETS</b>	(186,549)	(219,557)	-	(406,106)
<b>NET ASSETS - Beginning of Year</b>	<u>933,377</u>	<u>758,491</u>	<u>111,198</u>	<u>1,803,066</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 746,828</u>	<u>\$ 538,934</u>	<u>\$ 111,198</u>	<u>\$ 1,396,960</u>

**2016**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 186	\$ 112,790	\$ -	\$ 112,976
43,066	-	-	43,066
43,542	-	-	43,542
744,936	-	-	744,936
6,348	-	-	6,348
12,750	273,300	-	286,050
<u>850,828</u>	<u>386,090</u>	<u>-</u>	<u>1,236,918</u>
1,026,320	-	-	1,026,320
65,406	-	-	65,406
44,040	-	-	44,040
7,457	-	-	7,457
2,150	-	-	2,150
<u>1,145,373</u>	<u>-</u>	<u>-</u>	<u>1,145,373</u>
8,272	4,596	-	12,868
17,928	1,856	-	19,784
24,640	-	-	24,640
6,390	-	-	6,390
558,875	(558,875)	-	-
<u>2,612,306</u>	<u>(166,333)</u>	<u>-</u>	<u>2,445,973</u>
1,327,938	-	-	1,327,938
272,942	-	-	272,942
595,138	-	-	595,138
<u>2,196,018</u>	<u>-</u>	<u>-</u>	<u>2,196,018</u>
<u>465,445</u>	<u>-</u>	<u>-</u>	<u>465,445</u>
<u>2,661,463</u>	<u>-</u>	<u>-</u>	<u>2,661,463</u>
(49,157)	(166,333)	-	(215,490)
<u>982,534</u>	<u>924,824</u>	<u>111,198</u>	<u>2,018,556</u>
<u>\$ 933,377</u>	<u>\$ 758,491</u>	<u>\$ 111,198</u>	<u>\$ 1,803,066</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>Total Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth</u>		<u>Management, General, and Development</u>	
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 849,775	\$ 240,496	\$ 412,609	\$ 1,502,880	\$ 378,746	\$ 1,881,626
Employee Retirement Benefits	10,418	1,488	1,488	13,394	4,465	17,859
Employee Benefits	58,320	14,380	29,486	102,186	55,021	157,207
Payroll Taxes	57,396	26,149	20,017	103,562	32,583	136,145
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>975,909</u>	<u>282,513</u>	<u>463,600</u>	<u>1,722,022</u>	<u>470,815</u>	<u>2,192,837</u>
<b>OTHER EXPENSES</b>						
Advertising	1,223	1,716	384	3,323	1,236	4,559
Bank and Payroll Fees	23,604	10,456	6,192	40,252	7,652	47,904
Conferences and Staff Training	519	454	151	1,124	11,468	12,592
Contract Services	216,290	42,727	110,379	369,396	70,597	439,993
Dues and Subscriptions	-	424	-	424	7,491	7,915
Equipment Rental and Maintenance	89	-	-	89	2,249	2,338
Insurance	13,652	1,980	4,036	19,668	6,011	25,679
Interest	-	-	-	-	2,857	2,857
Janitorial and Maintenance	6,434	1,196	-	7,630	3,045	10,675
Mileage and Expense Allowances	13,493	3,440	21,626	38,559	5,825	44,384
Miscellaneous Expense	2,537	1,191	777	4,505	30,768	35,273
Office Supplies	3,305	485	1,788	5,578	10,605	16,183
Outside Printing and Publications	-	344	-	344	6,842	7,186
Postage	-	39	2	41	5,061	5,102
Rent and Occupancy	82,415	31,125	18,583	132,123	21,569	153,692
Special Assistance	-	25,588	39,090	64,678	250	64,928
Telephone	13,743	7,174	8,471	29,388	8,668	38,056
<b>TOTAL OTHER EXPENSES</b>	<u>377,304</u>	<u>128,339</u>	<u>211,479</u>	<u>717,122</u>	<u>202,194</u>	<u>919,316</u>
Depreciation of Property and Equipment	26,041	8,409	8,915	43,365	8,728	52,093
<b>TOTAL EXPENSES</b>	<u>\$ 1,379,254</u>	<u>\$ 419,261</u>	<u>\$ 683,994</u>	<u>\$ 2,482,509</u>	<u>\$ 681,737</u>	<u>\$ 3,164,246</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, 2016**

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth</u>		<u>Management, General, and Development</u>	
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 775,506	\$ 174,093	\$ 348,186	\$ 1,297,785	\$ 284,880	\$ 1,582,665
Employee Retirement Benefits	9,249	8,999	18,568	36,816	25,019	61,835
Employee Benefits	67,546	15,163	30,326	113,035	25,388	138,423
Payroll Taxes	55,872	12,542	25,085	93,499	20,525	114,024
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>908,173</u>	<u>210,797</u>	<u>422,165</u>	<u>1,541,135</u>	<u>355,812</u>	<u>1,896,947</u>
<b>OTHER EXPENSES</b>						
Advertising	2,395	911	1,822	5,128	3,154	8,282
Bank and Payroll Fees	19,508	4,380	8,758	32,646	7,167	39,813
Conferences and Staff Training	10,978	2,623	7,760	21,361	2,486	23,847
Contract Services	223,590	16,397	68,901	308,888	23,853	332,741
Dues and Subscriptions	4,638	1,041	2,082	7,761	1,701	9,462
Equipment Rental and Maintenance	2,462	552	1,105	4,119	907	5,026
Insurance	10,913	3,167	6,335	20,415	8,379	28,794
Interest	-	-	-	-	4,069	4,069
Janitorial and Maintenance	6,452	888	732	8,072	-	8,072
Mileage and Expense Allowances	16,764	2,608	7,744	27,116	8,085	35,201
Miscellaneous Expense	5,736	1,345	2,692	9,773	2,402	12,175
Office Supplies	5,520	1,239	2,478	9,237	2,027	11,264
Outside Printing and Publications	2,962	1,530	2,077	6,569	2,872	9,441
Postage	2,905	1,304	675	4,884	1,046	5,930
Rent and Occupancy	70,421	15,535	31,071	117,027	24,206	141,233
Special Assistance	-	-	11,699	11,699	-	11,699
Telephone	9,760	3,067	5,925	18,752	8,180	26,932
<b>TOTAL OTHER EXPENSES</b>	<u>395,004</u>	<u>56,587</u>	<u>161,856</u>	<u>613,447</u>	<u>100,534</u>	<u>713,981</u>
Depreciation of Property and Equipment	24,761	5,558	11,117	41,436	9,099	50,535
<b>TOTAL EXPENSES</b>	<u>\$ 1,327,938</u>	<u>\$ 272,942</u>	<u>\$ 595,138</u>	<u>\$ 2,196,018</u>	<u>\$ 465,445</u>	<u>\$ 2,661,463</u>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (406,106)	\$ (215,490)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	52,093	50,535
Unrealized Gains on Investments	(37,317)	(12,590)
Realized Gains - Investments and Beneficial Interest in Funds at DCF	(31,029)	(7,194)
Change in Assets		
Patient Accounts Receivable	89,630	(118,765)
Grants Receivable	30,252	(44,061)
Prepaid Expenses	(26,990)	11,811
Other Assets	(1,150)	-
Change in Liabilities		
Accounts Payable and Accrued Expenses	(18,351)	27,926
Accrued Pension Expense	(43,976)	(4,587)
	<u>(392,944)</u>	<u>(312,415)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(14,522)	(110,318)
Purchase of Investments	(8,732)	(6,614)
	<u>(23,254)</u>	<u>(116,932)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(11,770)	(8,681)
	<u>(11,770)</u>	<u>(8,681)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(427,968)	(438,028)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>701,435</u>	<u>1,139,463</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u>\$ 273,467</u>	<u>\$ 701,435</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest Paid	<u>\$ 2,857</u>	<u>\$ 4,069</u>
Noncash Investing and Financing Activities		
Acquisition of Property and Equipment with Accounts Payable	<u>\$ -</u>	<u>\$ 4,997</u>

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

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

**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.

*Contributions* - In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or purpose restriction.

*Financial Statement Presentation* - In accordance with FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*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. Depreciation expense amounted to \$52,093 and \$50,535 for the years ended December 31, 2017 and 2016, respectively.

*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, 2017 and 2016 since the criteria for FASB ASC 958 were not met.

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

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

***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 unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

***Cash and Cash Equivalents*** - For purposes of the statements of cash flows, all cash and cash equivalents and highly liquid investments with maturities of three months or less at the time of acquisition are considered to be unrestricted.

***Allocated Expenses*** - Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Organization's management. Fundraising expenses are considered to be immaterial to the financial statements by management, and are included in management, general, and development in the statements of activities and functional expenses.

***Net Assets*** - Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the net asset classifications follow:

*Unrestricted - Undesignated* - These net assets are available for the general obligations of the Organization.

*Unrestricted - Board-Designated* - These net assets are designated by the Organization's board of directors to be used for specific purposes, including emergency operational expenses, future growth and expansion, and Jewish volunteer network.

*Temporarily Restricted* - These net assets are restricted by donors to be used for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction and/or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted* - These net assets include resources which have a permanent donor-imposed restriction that the assets are to be maintained for the long-term continuance of the Organization.

***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 temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or purpose restriction. Contributed securities are recorded at their fair value at date of receipt.

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

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

*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. Advertising expense totaled \$4,559 and \$8,282 for the years ended December 31, 2017 and 2016, respectively.

*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 and \$45,222 as of December 31, 2017 and 2016, respectively. 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, 2017 and 2016 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, 2017 and 2016, program fees revenue was net of contract adjustments totaling \$233,318 and \$179,156, 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.

*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

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

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

*Income Taxes - Continued* - 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, 2017 and 2016.

The federal informational returns of the Organization for the years ended December 31, 2014, 2015, and 2016 are subject to examination by the tax authorities, generally for three years after they were filed.

**NOTE 2: NET ASSETS**

Unrestricted board-designated net assets consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Emergency Operational Expenses	\$ 180,000	\$ 180,000
Future Growth and Expansion	264,370	228,434
Jewish Volunteer Network	<u>10,272</u>	<u>8,875</u>
Total	<u>\$ 454,642</u>	<u>\$ 417,309</u>

Temporarily restricted net assets were available for the following purpose restrictions as of December 31:

	<u>2017</u>	<u>2016</u>
Brandywine Village Network Program	\$ -	\$ 5,325
Capital Project or At-Risk Elderly Program	24,925	24,925
Community Education and Outreach	10,675	10,675
Friends Campaign	36,047	54,120
Long-Term Continuance of the Organization	176,520	147,507
Refugee Resettlement	-	15,000
Relief Fund	7,909	7,909
Services for Battered Women	10,908	10,908
Support for Vulnerable Persons	200,000	200,000
Work Force Development	-	94,000
Village Garden	42,322	41,822
Lewes Office	<u>29,628</u>	<u>146,300</u>
Total	<u>\$ 538,934</u>	<u>\$ 758,491</u>

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

**NOTE 2: NET ASSETS - CONTINUED**

Permanently restricted net assets consisted of the following as of December 31:

	2017	2016
Restricted Purpose		
Restricted for the Long-Term Continuance of the Organization	\$ 111,198	\$ 111,198

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

	2017	2016
Purpose Restrictions Accomplished		
Brandywine Village Network	\$ 5,325	\$ 53,176
Capital Project or At-Risk Elderly Program	26,000	-
Community Education and Outreach	5,000	-
Friends Campaign	54,121	72,658
Long-Term Continuance of the Organization	2,481	2,440
Work Force Development	197,592	163,400
Village Garden	1,500	52,701
Lewes Office	146,300	214,500
Refugee Resettlement	44,900	-
Total Restrictions Released	\$ 483,219	\$ 558,875

**NOTE 3: 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
2017		\$ 321,326	\$ 377,241
2016		307,362	325,960

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

**NOTE 4: 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 (usually 0% to 6%) to be distributed to the Organization annually.

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 \$212,628 and \$186,831 as of December 31, 2017 and 2016, respectively. There were no distributions from the Fund during the years ended December 31, 2017 and 2016.

**NOTE 5: INVESTMENT INCOME**

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

	<u>2017</u>	<u>2016</u>
Gains - Beneficial Interest in Funds at DCF	\$ 25,008	\$ 6,300
Realized Gains - Investments	6,021	894
Unrealized Gains - Investments	<u>37,317</u>	<u>12,590</u>
Total	<u>\$ 68,346</u>	<u>\$ 19,784</u>

Investment fee expenses are included in bank fees on the statements of functional expenses and totaled \$5,842 and \$5,770 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 6: 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, 2017 and 2016 was \$141,785 and \$396,058, respectively.



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

**NOTE 7: FURNITURE, FIXTURES, AND EQUIPMENT**

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

	2017	2016
Improvements	\$ 109,745	\$ 109,745
Furniture and Fixtures	169,359	163,340
Office Equipment	297,798	289,295
	576,902	562,380
Less: Accumulated Depreciation	(392,071)	(339,978)
Furnitures, Fixtures, and Equipment - Net	\$ 184,831	\$ 222,402

**NOTE 8: OPERATING LEASES**

The Organization leases approximately 3,000 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 three renewal options. The current lease term expires in December 2018 and requires monthly payments of \$3,717.

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 \$2,350 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 2018 is \$6,518.

Rent expense was \$143,526 and \$130,830 for the years ended December 31, 2017 and 2016, respectively.

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

**NOTE 8: OPERATING LEASES - CONTINUED**

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

	2018	\$	151,863
	2019		<u>150,634</u>
		\$	<u><u>302,497</u></u>

**NOTE 9: CAPITAL LEASES**

The Organization leases office equipment for various terms under capital lease agreements. The leases expire at various dates through December 2020. The asset and liability under the capital leases are originally recorded at the fair market value of the equipment. The following is a summary of the equipment held under capital leases as of December 31:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 47,817	\$ 47,817
Less: Accumulated Depreciation	<u>31,804</u>	<u>22,240</u>
	<u><u>\$ 16,013</u></u>	<u><u>\$ 25,577</u></u>

As of December 31, 2017, future minimum lease payments under capital leases are summarized as follows:

	2018	\$	13,046
	2019		4,397
	2020		<u>2,000</u>
			19,443
Less: Amounts Representing Imputed Interest			<u>1,584</u>
			17,859
PV of Future Minimum Lease Payments			17,859
Less: Current Maturities			<u>11,604</u>
Capital Lease Obligations - Net of Current Maturities		\$	<u><u>6,255</u></u>

**NOTE 10: 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

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

**NOTE 10: PENSION PLAN - CONTINUED**

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, 2017 and 2016 were \$17,859 and \$61,835, respectively.

**NOTE 11: COMMITMENTS**

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

**NOTE 12: 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, 2017**

**NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED**

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

	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>
	2016			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 325,960	\$ -	\$ 325,960	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>186,831</u>	<u>-</u>	<u>186,831</u>	<u>-</u>
Total Investments	<u>\$ 512,791</u>	<u>\$ -</u>	<u>\$ 512,791</u>	<u>\$ -</u>

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

**NOTE 13: 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.

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

**NOTE 13: ENDOWMENT - CONTINUED**

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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization 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.

Endowment by net assets composition by type of fund was as follows as of December 31:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Amounts Held in Investments	\$ -	\$ 84,779	\$ 17,820	\$ 102,599
Beneficial Interest in Funds Held at DCF	-	62,463	59,831	122,294
Cash Restricted for Endowment Funds	-	29,278	33,547	62,825
<b>Total Donor-Restricted Endowment Funds</b>	<b>-</b>	<b>176,520</b>	<b>111,198</b>	<b>287,718</b>
Board-Designated Endowment Funds				
Amounts Held in Investments	274,642	-	-	274,642
<b>Total Board-Designated Endowment Funds</b>	<b>274,642</b>	<b>-</b>	<b>-</b>	<b>274,642</b>
<b>Total Funds</b>	<b>\$ 274,642</b>	<b>\$ 176,520</b>	<b>\$ 111,198</b>	<b>\$ 562,360</b>

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

**NOTE 13: ENDOWMENT - CONTINUED**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Amounts Held in Investments	\$ -	\$ 70,831	\$ 17,820	\$ 88,651
Beneficial Interest in Funds Held at DCF	-	47,398	59,831	107,229
Cash Restricted for Endowment Funds	-	29,278	33,547	62,825
Total Donor-Restricted Endowment Funds	-	147,507	111,198	258,705
Board-Designated Endowment Funds				
Amounts Held in Investments	237,309	-	-	237,309
Total Board-Designated Endowment Funds	237,309	-	-	237,309
Total Funds	\$ 237,309	\$ 147,507	\$ 111,198	\$ 496,014

Changes in endowment net assets for the years ended December 31, 2017 and 2016 were as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - January 1, 2016	\$ 223,455	\$ 143,495	\$ 111,198	\$ 478,148
Investment Return				
Investment Income	6,324	4,596	-	10,920
Net Appreciation - Realized and Unrealized	9,817	1,856	-	11,673
Total Investment Return	16,141	6,452	-	22,593
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	(2,287)	(2,440)	-	(4,727)
Endowment Net Assets - December 31, 2016	237,309	147,507	111,198	496,014
Investment Return				
Investment Income	8,340	5,323	-	13,663
Net Appreciation - Realized and Unrealized	31,550	26,171	-	57,721
Total Investment Return	39,890	31,494	-	71,384
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	(2,557)	(2,481)	-	(5,038)
Endowment Net Assets - December 31, 2017	\$ 274,642	\$ 176,520	\$ 111,198	\$ 562,360

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

**NOTE 13: ENDOWMENT - CONTINUED**

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets:

	2017	2016
Permanently Restricted Net Assets		
Portion of Perpetual Endowment Funds Required to be Retained by Explicit Donor Stipulation or by UPMIFA	\$ 111,198	\$ 111,198
Total Endowment Funds Classified as Permanently Restricted Net Assets	\$ 111,198	\$ 111,198
Temporarily Restricted Net Assets		
Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA with Purpose Restriction	\$ 176,520	\$ 147,507
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 176,520	\$ 147,507

***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 unrestricted net assets. There were no deficiencies in funds as of December 31, 2017 and 2016.

***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

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

**NOTE 13: ENDOWMENT - CONTINUED**

*Investment Strategies Employed for Achieving Objectives - Continued* - diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**NOTE 14: LINE OF CREDIT**

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2017 and 2016. 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, 2017 and 2016 was 5.50% and 4.75%, respectively. The line is secured by all assets of the Organization. As of December 31, 2017 and 2016, there was no outstanding balance.

**NOTE 15: SPECIAL EVENTS**

The Organization reports special event revenue on the statements of activities net of direct benefits to donors. Direct benefits to donors for the years ended December 31, 2017 and 2016 totaled \$0 and \$8,926, respectively.