JEWISH FAMILY & CHILDREN'S SERVICES
OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.

CONSOLIDATING AND CONSOLIDATED
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family & Children's Services of Northern New Jersey, Inc.
and Jewish Family Service Foundation, Inc.

We have audited the accompanying consolidating and consolidated financial statements of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc. (the "Organization"), which comprise the consolidating statement of financial position as of June 30, 2019, and the related consolidating statements of activities and functional expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating and consolidated 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating and consolidated 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 consolidating and consolidated 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 consolidating and consolidated financial statements.

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

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Opinion

In our opinion, the consolidating and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc. as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement Adjustment to 2018 Financial Statements

As described in Note 3 to the financial statements, the Organization became aware that certain amounts within net assets which had previously been recognized as with donor restrictions should not have been restricted. As a result, net assets as of June 30, 2018 have been restated. Our opinion is not modified with respect to this matter.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
January 6, 2020

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Jewish Family & Children's Services of Northern New Jersey, Inc.	Jewish Family Service Foundation, Inc.	Eliminations	Consolidated Total
ASSETS				
Cash	$ 275,420	$ 20,008	$ -	$ 295,428
Investments	12,542	657,971	-	670,513
Accounts receivable, net	666,237	-	-	666,237
Due from related party	-	64,000	(64,000)	-
Prepaid expenses and other assets	68,313	-	-	68,313
Cemetery plots	7,200	-	-	7,200
Property and equipment, net	1,140,833	-	-	1,140,833
TOTAL ASSETS	$ 2,170,545	$ 741,979	$ (64,000)	$ 2,848,524
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	$ 588,393	$ -	$ -	$ 588,393
Due to related party	64,000	-	(64,000)	-
Deferred income	528,780	-	-	528,780
Security deposits payable	2,194	-	-	2,194
Mortgage payable, net	371,432	-	-	371,432
Total liabilities	1,554,799	-	(64,000)	1,490,799
Commitments and contingencies (Notes 9, 12 and 13)				
Net assets without donor restrictions	615,746	741,979	-	1,357,725
TOTAL LIABILITIES AND NET ASSETS	$ 2,170,545	$ 741,979	$ (64,000)	$ 2,848,524

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Jewish Family & Children's Services of Northern New Jersey, Inc.			Jewish Family Service Foundation, Inc.		
		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Eliminations	Consolidated Total
Public support and other revenue:							
Public support:							
Jewish Federation of Northern New Jersey		$ 827,894	$ -	$ 827,894	$ -	$ -	$ 827,894
Grant income		2,236,926	-	2,236,926	-	-	2,236,926
Contributions		290,804	-	290,804	195,908	(113,251)	373,461
Fundraising events	$ 515,267						
Less: direct costs	86,917						
Net fundraising events revenue		428,350	-	428,350	-	-	428,350
Total public support		3,783,974	-	3,783,974	195,908	(113,251)	3,866,631
Other revenue:							
Counseling fees		702,069	-	702,069	-	-	702,069
Program fees - school-based services		1,746,889	-	1,746,889	-	-	1,746,889
Other program fees		108,914	-	108,914	-	-	108,914
Change in annuity trust		(113,251)	-	(113,251)	-	113,251	-
Rental income	$ 19,800						
Less: rental expenses	51,403						
Net rental loss		(31,603)	-	(31,603)	-	-	(31,603)
Investment income		2,136	-	2,136	15,865	-	18,001
Other		13,217	-	13,217	-	-	13,217
Total other revenue		2,428,371	-	2,428,371	15,865	113,251	2,557,487
Net assets released from restrictions		45,958	(45,958)	-	-	-	-
Total public support and other revenue		6,258,303	(45,958)	6,212,345	211,773	-	6,424,118
Expenses:							
Program services:							
Family counseling		821,853	-	821,853	-	-	821,853
Senior adults		2,692,427	-	2,692,427	-	-	2,692,427
Adult case management		196,476	-	196,476	-	-	196,476
School-based services		1,268,557	-	1,268,557	-	-	1,268,557
Community social work		123,797	-	123,797	-	-	123,797
Camp		5,481	-	5,481	-	-	5,481
Total program services		5,108,591	-	5,108,591	-	-	5,108,591
Supporting services:							
Management and general		1,014,600	-	1,014,600	-	-	1,014,600
Fundraising		473,647	-	473,647	-	-	473,647
Total supporting services		1,488,247	-	1,488,247	-	-	1,488,247
Total expenses		6,596,838	-	6,596,838	-	-	6,596,838
Change in net assets		(338,535)	(45,958)	(384,493)	211,773	-	(172,720)
Net assets - beginning, as previously reported		519,117	481,122	1,000,239	530,206	-	1,530,445
Adjustments to net assets (Note 3)		435,164	(435,164)	-	-	-	-
Net assets - beginning, as restated		954,281	45,958	1,000,239	530,206	-	1,530,445
NET ASSETS - ENDING		$ 615,746	$ -	$ 615,746	$ 741,979	$ -	$ 1,357,725

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC. AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services					
	Family Counseling	Senior Adults	Adult Case Management	School-Based Services	Community Social Work	Camp	Program Services Total	Management and General	Fund-raising	Direct Cost of Fund-raising Events	Rental Expenses	Supporting Services Total	Grand Total
Personnel costs:													
Salaries	$ 308,320	$ 584,921	$ 133,165	$ 746,167	$ 104,498	$ -	$ 1,877,071	$ 503,636	$266,641	$ -	$ -	$ 770,277	$ 2,647,348
Payroll taxes and employee benefits	32,384	75,950	13,861	76,566	9,232	-	207,993	130,151	26,207	-	-	156,358	364,351
Total personnel costs	340,704	660,871	147,026	822,733	113,730	-	2,085,064	633,787	292,848	-	-	926,635	3,011,699
Other expenses:													
Professional, counseling and staffing fees	409,759	1,629,893	1,102	289,940	-	5,481	2,336,175	99,513	85,289	-	-	184,802	2,520,977
Accounting and other fees	1,155	-	-	2,398	-	-	3,553	88,387	-	-	-	88,387	91,940
Supplies	192	5,066	45	11,889	197	-	17,389	28,290	1,160	-	-	29,450	46,839
Assistance to individuals	-	50,037	16,487	-	-	-	66,524	3,325	-	-	-	3,325	69,849
Staff travel and development	2,884	22,183	799	4,359	2,052	-	32,277	5,018	620	-	-	5,638	37,915
Telephone	-	874	437	-	-	-	1,311	25,122	1,904	-	-	27,026	28,337
Postage and shipping	-	1,907	39	143	37	-	2,126	3,108	2,269	-	-	5,377	7,503
Minor equipment	1,282	3,120	-	2,204	-	-	6,606	16,513	2,258	-	-	18,771	25,377
Printing and design	-	1,020	500	-	-	-	1,520	2,685	17,925	-	-	20,610	22,130
Advertising and public relations	807	1,971	130	-	-	-	2,908	13,707	18,878	-	-	32,585	35,493
Food and venue	402	26,393	1,933	75,956	316	-	105,000	7,225	853	86,917	-	94,995	199,995
Food - KMOW	-	222,114	-	-	-	-	222,114	-	-	-	-	-	222,114
Dues and conferences	-	942	-	-	-	-	942	11,007	-	-	-	11,007	11,949
Rent and occupancy	40,907	42,082	13,833	50,409	7,465	-	154,696	34,887	22,993	-	23,727	81,607	236,303
Bad debt expense	-	-	-	-	-	-	-	-	22,725	-	-	22,725	22,725
Insurance	6,873	9,299	3,639	5,660	-	-	25,471	11,725	1,617	-	1,617	14,959	40,430
Interest	-	-	-	-	-	-	-	4,000	-	-	16,372	20,372	20,372
Depreciation	14,388	14,388	10,506	2,228	-	-	41,510	21,465	1,667	-	9,687	32,819	74,329
Miscellaneous	2,500	267	-	638	-	-	3,405	4,836	641	-	-	5,477	8,882
Total other expenses	481,149	2,031,556	49,450	445,824	10,067	5,481	3,023,527	380,813	180,799	86,917	51,403	699,932	3,723,459
TOTAL EXPENSES	821,853	2,692,427	196,476	1,268,557	123,797	5,481	5,108,591	1,014,600	473,647	86,917	51,403	1,626,567	6,735,158
Less: expenses deducted directly from revenues on the consolidating statement of activities:													
Direct cost of fundraising events	-	-	-	-	-	-	-	-	-	86,917	-	86,917	86,917
Rental expenses	-	-	-	-	-	-	-	-	-	-	51,403	51,403	51,403
Total expenses reported by function on the consolidating statement of activities	$ 821,853	$ 2,692,427	$ 196,476	$ 1,268,557	$ 123,797	$ 5,481	$ 5,108,591	$ 1,014,600	$473,647	$ -	$ -	$ 1,488,247	$ 6,596,838

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:	
Change in net assets	$ (172,720)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(9,837)
Donated securities	(121,965)
Bad debt expense	22,725
Depreciation	74,329
Amortization of deferred financing costs	785
Changes in assets and liabilities:	
Accounts receivable	(43,452)
Contributions receivable	24,239
Prepaid expenses and other assets	(12,310)
Charitable remainder annuity trust	110,448
Other assets	(14,395)
Accounts payable and accrued expenses	72,971
Deferred income	497,737
Net cash provided by operating activities	428,555
Cash flows from investing activities:	
Purchases of investments	(276,040)
Purchase of fixed assets	(97,164)
Net cash used in investing activities	(373,204)
Cash flows from financing activities:	
Principal payments of mortgage payable	(13,402)
Bank overdraft	(58,960)
Net cash used in financing activities	(72,362)
Net decrease in cash	(17,011)
Cash - beginning	312,439
CASH - ENDING	$ 295,428
Supplemental disclosure of cash flow information:	
Interest paid	$ 20,372

See accompanying notes to consolidating and consolidated financial statements.

NOTE 1. NATURE OF ORGANIZATION

Jewish Family Services, Inc. ("JFS") was organized on December 4, 1978. Effective January 1, 2017, Jewish Family Service of North Jersey, Inc., with offices in Fair Lawn and Wayne, merged with JFS, which is the surviving organization, to form Jewish Family and Children's Services of Northern New Jersey, Inc. ("JFCSNNJ").

Jewish Family Service Foundation, Inc. ("JFSF") was organized in 2009 as a not-for-profit organization under the laws of the state of New Jersey and began operations in 2012 with the sole purpose of raising funds to support JFCSNNJ.

The JFCSNNJ mission statement reads:

> Based on Jewish tradition and values, JFCSNNJ's mission is to strengthen and enhance the well-being of all who call upon us by providing professional and compassionate human services to effectively meet life's many challenges.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidating and consolidated financial statements include the accounts of JFCSNNJ and JFSF (collectively referred to as the "Organization"). The financial statements have been consolidated because JFCSNNJ maintains an economic interest in and control of JFSF through common board membership and the ability to elect JFSF board members. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial statement presentation

The accompanying consolidating and consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating and consolidated statement of activities as net assets released from restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncement

Effective for the year ending June 30, 2019, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements for 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 adjusted the presentation of these consolidating and consolidated financial statements accordingly.

Recently issued but not yet effective accounting pronouncements

Revenue recognition

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance, when it becomes effective. This new guidance is effective for the Organization beginning January 1, 2019. The Organization is currently completing its initial assessment and evaluation of the impact that ASU 2014-09 will have on its consolidating and consolidated financial statements and related disclosures. The Organization expects, at a minimum, that the adoption will result in expanded disclosures that will enable users to better understand the nature, amount, timing, and uncertainty, if any, of revenues and cash flows arising from contracts with customers.

Statement of cash flows

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides guidance on several cash flow classification issues. This new guidance is effective for years beginning after December 15, 2018, with early adoption permitted. The Organization is evaluating the effect that ASU 2016-15 will have on its consolidating and consolidated financial statements and related disclosures.

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization is evaluating the effect that ASU 2018-08 will have on its consolidating and consolidated financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements (continued)

Leases

Effective for the year ending December 31, 2020, the Organization will adopt the provisions of ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with terms greater than 12 months to be recognized on the consolidating and consolidated statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. The effect of adopting ASU 2016-02 on the Organization's consolidating and consolidated financial statements and related disclosures has not yet been determined.

Use of estimates

The preparation of consolidating and consolidated financial statements in conformity with U.S. GAAP 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 consolidating and consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidating and consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management. Program services include costs directly associated with providing family counseling, including weekly outpatient therapy for family members facing various challenges; senior services, including in-home assessments, care management, Kosher Meals-on-Wheels, caregiver support and emergency assistance for seniors and their caregivers; other services, including information and referral, food pantry, emergency assistance and case management; after-school programming in various school districts; outreach and needs assessment, as well as group programming in the community; and camp scholarships offered as a component of treatment or service goals. Management and general expenses include costs indirectly related to the Organization's purpose or mission, such as back-office accounting and office and personnel administration. Fundraising expenses include costs incurred in connection with solicitation activities undertaken by the Organization. Rental expenses include costs incurred related to maintenance and ownership of properties owned by the Organization and rented to other parties.

The expenses that are allocated include the following:

Expense	Method of Allocation
Depreciation	Square footage occupied
Office expenses	Directly charged
Professional fees	Directly charged
Rent	Square footage occupied
Salaries and employee benefits	Time and effort
Travel and entertainment	Directly charged
Utilities	Square footage occupied

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Donations-in-kind

Donations of noncash assets are recorded at their fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, are recorded at their fair values in the period received.

Accounts receivable

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. On a periodic basis, management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2019, there was no allowance for doubtful accounts for accounts receivable.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)
Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the consolidating and consolidated statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

Property and equipment
Property and equipment are stated at cost if acquired or at their fair values at the date of donation. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets with a cost of $5,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years for furniture and equipment and 10 to 30 years for building and improvements. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Revenue and support recognition
The Organization derives revenue and support primarily from grants, contributions, and program and counseling fees.

Contributions, including beneficial interests in remainder trusts, are recognized as revenue when they are unconditionally promised. Conditional promises to give are recognized as contributions when substantially all conditions are met. All other donor-restricted contributions are reported as increases in "Net assets with donor restrictions." When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the consolidating and consolidated statement of activities as "Net assets released from restrictions."

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Special event income is recognized when the event has taken place.

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Advances from grantor agencies prior to the Organization's expenditures are reflected on the accompanying consolidating and consolidated statement of financial position as "Deferred income."

Revenue generated from program and counseling fees is recognized when such services are rendered.

Advertising
Advertising costs are expensed as incurred and aggregated $35,493 for the year ended June 30, 2019.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred financing costs

Deferred financing costs are recorded at cost and are amortized using the straight-line method, which approximates the effective interest method, over the terms of the respective loan. Amortization of loan fees amounted to $785 for the year ended June 30, 2019, and is included in "Management and general" on the accompanying consolidating and consolidated statement of activities. The corresponding mortgage payable is shown net of unamortized loan cost at June 30, 2019.

Income taxes

JFCSNNJ and JFSF qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code (the "IRC"). As a not-for-profit entity, the Organization is subject to unrelated business income tax, if applicable.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the accompanying consolidating and consolidated financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through January 6, 2020, the date on which these consolidating and consolidated financial statements were available to be issued.

NOTE 3. RESTATEMENT

During the year ended June 30, 2019, the Organization became aware that certain amounts within net assets which had previously been recognized as with donor restrictions should not have been restricted. As a result, net assets as of June 30, 2018 have been adjusted by approximately $435,000. However, there was no effect on the June 30, 2018 net assets in total.

NOTE 3. RESTATEMENT (CONTINUED)

This correction resulted in the following restatement to the June 30, 2018 net assets:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Balance - June 30, 2018, as previously stated	$ 519,117	$ 481,122	$ 1,000,239
Correction of net assets without donor restrictions	435,164	(435,164)	-
Balance - June 30, 2018, as restated	$ 954,281	$ 45,958	$ 1,000,239

NOTE 4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances with financial institutions which were routinely in excess of federal insurance limits during the year ended June 30, 2019. The Organization has not experienced any losses in these accounts, and management does not believe the Organization is exposed to any significant credit risks with respect to cash.

Revenue from the after school program accounted for 30% of total public support and other revenue during the year ended June 30, 2019.

Revenue from Jewish Federation of Northern New Jersey ("JFNNJ") accounted for 13% of total public support and other revenue during the year ended June 30, 2019.

Revenue from Conference on Jewish Material Claims Against Germany, Inc. accounted for 26% of total public support and other revenue during the year ended June 30, 2019.

Additionally, JFNNJ accounted for 9% of total accounts receivable at June 30, 2019. Conference on Jewish Material Claims Against Germany, Inc. accounted for 68% of total accounts receivable at June 30, 2019.

NOTE 5. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost); and

c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the investments measured at fair value by level at June 30, 2019:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2019	Valuation Technique
Money market funds	$ 113,919	$ -	$ -	$ 113,919	(a)
JFNNJ pooled investment account	-	556,594	-	556,594	(a)
Total	$ 113,919	$ 556,594	$ -	$ 670,513	

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds - valued at cost plus accrued interest, which approximates fair value due to the liquidity of the investments.

JFNNJ pooled investment account - valued at JFCSNNJ's share of the investments of the JFNNJ pooled investments as reported by JFNNJ and its investment managers and advisors. The methods and procedures used to value these investments may include but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value, absent readily available market values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 6. CHARITABLE REMAINDER ANNUITY TRUST

The Organization is the trustee of a Charitable Reminder Annuity Trust (the "Trust"), and is also the beneficiary of the remainder interest. Under the split-interest agreements terms, the donor and surviving beneficiary are to receive an annual annuity amount of $7,923, which is equal to 5% of the initial fair market value of the assets of the Trust. At the time of the surviving beneficiary's death, the Trust is to terminate, and the remaining assets will be distributed to the Organization. The surviving beneficiary passed away in March 2018. The Trust was liquidated during the year ended June 30, 2019. Proceeds of approximately $113,000 were distributed to the Organization during the year ended June 30, 2019.

NOTE 7. PROPERTY AND EQUIPMENT

The following is an analysis of property and equipment as of June 30, 2019:

	Cost	Accumulated Depreciation	Net
Land	$ 536,700	$ -	$ 536,700
Building and improvements	1,109,087	(666,499)	442,588
Software	130,950	(9,276)	121,674
Furniture and equipment	180,784	(140,913)	39,871
	$ 1,957,521	$ (816,688)	$ 1,140,833

Depreciation expense for the year ended June 30, 2019, was $74,329.

NOTE 8. LIQUIDITY AND AVAILABILITY

The Organization typically receives grants and contracts with donor restrictions and contributions without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose restrictions. Typically, restrictions are released during the year received.

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year end:	
Cash	$ 295,428
Investments	670,513
Accounts receivable	666,237
Financial assets available to meet general expenditures within one year	$ 1,632,178

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 9. MORTGAGE PAYABLE

In September 2017, JFCSNNJ entered into a 10-year mortgage agreement with a financial institution in the amount of $400,000 which bears interest at the rate of 4.19% per annum. The loan is secured by the building located in Teaneck, New Jersey, and is due on October 10, 2027. A secured line of credit for a maximum amount of $250,000 was also granted to JFCSNNJ, as further described in the mortgage agreement. Borrowings under this line of credit bear interest at the rate of Prime (5.5% at June 30, 2019) plus 1% per annum. There was no outstanding balance on this line of credit at June 30, 2019.

Principal payments due in each of the next five years and thereafter at June 30, 2019, are as follows:

Year ending June 30:		Amount
2020	$	13,943
2021		14,593
2022		15,222
2023		15,872
2024		16,520
Thereafter		301,761
		377,911
Less: unamortized deferred financing costs		6,479
	$	371,432

Interest expense amounted to $16,372 for the year ended June 30, 2019.

NOTE 10. RELATED-PARTY TRANSACTIONS

During the year ended June 30, 2019, the Organization received contributions of $245,593 from certain of its board members.

NOTE 11. EMPLOYEE SAVINGS PLAN

The Organization sponsors a 403(b) plan covering substantially all of its full-time employees. Under the plan, employees can elect to defer a percentage of their salary, subject to IRC limits, and the Organization may elect to make a discretionary contribution. The Organization made a discretionary contribution in the amount of $53,634 during the year ended June 30, 2019.

NOTE 12. COMMITMENTS

Leases

The Organization leases office space in Wayne, New Jersey. The lease was extended for five years beginning September 1, 2016, with an opt-out clause after three years with a six-month advance notice. In August 2019, the Organization cancelled its current Wayne lease and moved to a new Wayne location. The Organization also leases office space in Fair Lawn, New Jersey. The Fair Lawn lease term was extended for three years beginning September 15, 2018. In addition, the Organization leases school space in Fort Lee and Edgewater, New Jersey, for school-based services. The leases are renewed annually with the respective school districts. Rent expense totaled $137,981 for the year ended June 30, 2019.

Future minimum lease payments at June 30, 2019, are as follows:

Year ending June 30:	Amount
2020	$ 76,001
2021	70,800
2022	41,800
2023	6,000
	$ 194,601

The Organization leases copy machines. Equipment lease expense totaled $16,884 for the year ended June 30, 2019.

Future minimum lease payments at June 30, 2019, are as follows:

Year ending June 30:	Amount
2020	$ 16,884
2021	15,987
2022	4,590
	$ 37,461

NOTE 13. CONTINGENCIES

Revenue from cost-reimbursement grants is subject to audits and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying consolidating and consolidated financial statements.