

Board of Directors
Network of Jewish Human Service Agencies
Paramus, New Jersey

We have audited the financial statements of Network of Jewish Human Service Agencies (the Network) as of and for the period from merger (May 1, 2017) to December 31, 2017, and have issued our report thereon dated January 7, 2019. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Network of Jewish Human Service Agencies are described in Note 1 to the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate related to the functional allocation of expenses. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- Note 8 – Merger

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 7, 2019.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of Network of Jewish Human Service Agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 7, 2019

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Network of Jewish Human Service Agencies
December 31, 2017

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Effect of misstatements on:			Change in Net Assets
	Assets	Liabilities	Net Assets	
To adjust accounts receivable for potential uncollectible amounts.	\$ (21,075)	\$ -	\$ (21,075)	\$ 21,075
To adjust cash for canadian exchange rate	(6,147)	-	(6,147)	6,147
Subtotals	(27,222)	-	(27,222)	27,222
Financial statement totals	\$ 461,163	\$ 97,677	\$ 363,486	\$ (145,924)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	-5.9%		-7.5%	-18.7%

NETWORK OF JEWISH HUMAN SERVICE AGENCIES

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

CliftonLarsonAllen LLP



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Network of Jewish Human Service Agencies
Paramus, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Network of Jewish Human Service Agencies (a not-for-profit organization), which comprises the statement of financial position December 31, 2017, and the related statements of activities and cash flows for the period from merger (May 1, 2017) to December 31, 2017, 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 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 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 the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Network of Jewish Human Service Agencies as of December 31, 2017, and the changes in its net assets and its cash flows for the period from merger (May 1, 2017) to December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 7, 2019

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Cash and Cash Equivalents	\$ 209,033
Accounts Receivable	83,417
Investments	139,055
Prepaid Expenses and Other	18,447
Property, Plant, and Equipment	11,211
Total Assets	<u>\$ 461,163</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 34,134
Deferred Revenues	63,543
Total Liabilities	<u>97,677</u>

NET ASSETS

Unrestricted	358,986
Permanently Restricted	4,500
Total Net Assets	<u>363,486</u>

Total Liabilities and Net Assets	<u>\$ 461,163</u>
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See accompanying Notes to Financial Statements.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
STATEMENT OF ACTIVITIES
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

	Unrestricted	Permanently Restricted	Total
Revenue and Other Support:			
Membership Dues	\$ 525,883	\$ -	\$ 525,883
Grants and Contributions	61,338	-	61,338
Alliance and Federation Allocations	50,203	-	50,203
Conference Fees	26,406	-	26,406
Miscellaneous	8,965	-	8,965
Total Revenue and Other Support	<u>672,795</u>	<u>-</u>	<u>672,795</u>
Expenses:			
Program	772,151	-	772,151
Management and General	41,505	-	41,505
Fundraising	23,180	-	23,180
Total Expenses	<u>836,836</u>	<u>-</u>	<u>836,836</u>
Change in Net Assets Before Investment Income	(164,041)	-	(164,041)
Investment Income	<u>18,117</u>	<u>-</u>	<u>18,117</u>
Change in Net Assets	(145,924)	-	(145,924)
Net Assets - May 1, 2017	<u>504,910</u>	<u>4,500</u>	<u>509,410</u>
NET ASSETS - END OF YEAR	<u><u>\$ 358,986</u></u>	<u><u>\$ 4,500</u></u>	<u><u>\$ 363,486</u></u>

See accompanying Notes to Financial Statements.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
STATEMENT OF CASH FLOWS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (145,924)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Realized and Unrealized Gains on Investments	(14,889)
Depreciation	13,231
(Increase) Decrease in Assets:	
Accounts Receivable	(41,917)
Prepaid Expenses and Other	(11,346)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	1,058
Deferred Revenues	(175,196)
Net Cash Used by Operating Activities:	<u>(374,983)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	(14,719)
Purchase of Investments	(3,691)
Sale of Investments	101,656
Net Cash Provided by Investing Activities:	<u>83,246</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (291,737)

Cash and Cash Equivalents - May 1, 2017 500,770

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 209,033

See accompanying Notes to Financial Statements.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Network of Jewish Human Service Agencies ("the Network") was formed in May 2017 when the two leading Jewish services associations – the Association of Jewish Family and Children's Agencies (AJFCA) and the International Association of Jewish Vocational Services (IAJVS) – merged into one entity (Note 8).

The Network is an international membership association of more than 140 not-for-profit human service agencies in the United States, Canada and Israel. Its members provide a full range of human services for the Jewish community and beyond, including healthcare, career, employment and mental health services, as well as programs for youth, families and seniors, Holocaust survivors, immigrants and refugees, persons with disabilities and caregivers.

The Network strives to be the leading voice for the Jewish human service sector. As the go-to resource for advocacy, best practices, innovation and research, partnerships and collaborations, the Network strengthens agencies so they can better serve their communities.

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 amounts reported in the financial statements and the accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Basis of Accounting and Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statement presentation is in accordance with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Network is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted - Includes net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These assets are committed to the operations of the Network. Net assets designated for specific purposes by the Board of Directors are included in unrestricted net assets.

Temporarily Restricted - Includes contributions and other assets received with donor stipulations that either expire by the passage of time or by actions of the Network pursuant to those stipulations. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In the case of donor restrictions satisfied in the same reporting period in which the donor-restricted contribution was received, the Network classifies the contribution as unrestricted support. There were no temporarily restricted net assets as of December 31, 2017.

**NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

Permanently Restricted - Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Network's actions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three (3) months or less from the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management deemed an allowance for doubtful accounts was not necessary at December 31, 2017.

Property and Equipment

Property and equipment is stated at cost. The cost is depreciated over the estimated useful lives, ranging from three to five years, utilizing the straight-line method. Additions and improvements are capitalized over a threshold of \$1,500, whereas costs of maintenance and repairs are charged to expense as incurred.

Revenue Recognition

Dues are assessed to each member agency based on .5% of the agency's prior year's operating revenues, not to be less than \$625, or to exceed \$12,500. If a portion of membership dues are received in advance, recognition of that revenue is deferred to the Network's year for which the dues are intended.

Income Tax Status

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Network follows the income tax standard for uncertain tax positions. This standard has no impact on the Network's financial statements. The Network is not aware of any activities that would jeopardize its tax-exempt status.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other costs that are common to several functions are allocated among the programs and supporting services in reasonable ratios as determined by management.

Foreign Deposits

Certain dues collected are maintained in a Canadian bank account. That deposit amount is subject to currency fluctuations in future periods.

Foreign Currency Translation

Accounts in foreign currency (Canadian dollars) have been translated into U.S. dollars as follows:

- Monetary items at exchange rates in effect at the financial statement date.
- Revenue and expenses at average exchange rates during the year.
- Gains and losses arising from foreign currency translation are included in income.

Subsequent Events

In preparing these financial statements, the Network has evaluated events and transactions for potential disclosure through January 7, 2019, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consisted of the following as of December 31, 2017:

	Cost	Fair Value
Temporarily Invested Cash	\$ 2,151	\$ 2,151
Common Stock - Equities	113,642	136,904
Total Investments	<u>\$ 115,793</u>	<u>\$ 139,055</u>

Investment income included in the change in net assets for the eight-month period ended December 31, 2017 is as follows:

Realized & Unrealized Gain	\$ 14,889
Interest Income	3,228
Total Investment Income	<u>\$ 18,117</u>

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

NOTE 3 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

In determining fair value, the Network uses various valuation approaches, including market, income and/or cost approaches. 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). The three levels of the fair value hierarchy under the topic are described below:

Level 1 - Quoted prices for identical assets or liabilities in active markets.

Level 2 - Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The following is a description of the valuation methodology used for assets measured at fair value as of December 31, 2017.

Equity securities are valued based on quoted market prices. Such investments are included in Level 1 of the fair value hierarchy. The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following tables set forth, by level, the Network's assets at fair value, within the aforementioned fair value hierarchy as of December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock - Equities	<u>\$ 136,904</u>	<u>\$ 136,904</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 LINE OF CREDIT

The Network has a line of credit facility totaling \$50,000 for which there was no outstanding balance as of December 31, 2017. The note bears interest at the bank's LIBOR rate plus a 2.25% margin, is unsecured, and has no expiration date.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

NOTE 5 RETIREMENT PLAN

The Network is a sponsor of a 403(b) defined contribution plan established pursuant to salary reduction agreements. All employees are eligible for participation under the terms of the plan, though participation is voluntary. The plan is not established or maintained by the employer and hence, is not subject to Title I of ERISA. The Network does not contribute to the plan.

NOTE 6 LEASE COMMITMENT

The Network leases its office facilities under a three-year lease agreement. The lease agreement expires in April 2020 with an option to renew for one additional year. Total rent expense for the eight-month period ended December 31, 2017 was \$56,183.

Scheduled future minimum lease payments under this operating leases is as follows:

<u>Year Ending December 31,</u>	
2018	\$ 25,200
2019	25,200
2020	<u>8,400</u>
	<u>\$ 58,800</u>

NOTE 7 CREDIT RISK

The Network maintains its temporary cash and money market accounts with creditworthy, high quality financial institutions. At times these accounts may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits.

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
NOTES TO FINANCIAL STATEMENTS
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

NOTE 8 MERGER

Effective May 1, 2017, AJFCA merged with IAJVS. The surviving corporate entity of the merger was AJFCA. The name of the new organization is Network of Jewish Human Service Agencies. The reason for the merger was to strategically align the charitable missions of the organizations and enhance its overall impact to its stakeholders.

The amounts recognized for each merged entity using the carryover method are as follows as of May 1, 2017:

	AJFCA	IAJVS	Total
ASSETS			
Cash	\$ 385,254	\$ 115,516	\$ 500,770
Accounts Receivable	-	41,500	41,500
Investments	-	222,131	222,131
Prepaid Expenses and Other	5,552	1,549	7,101
Property, Plant, and Equipment	9,723	-	9,723
Total Assets	<u>\$ 400,529</u>	<u>\$ 380,696</u>	<u>\$ 781,225</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 1,466	\$ 31,610	\$ 33,076
Deferred Revenues	88,173	150,566	238,739
Total Liabilities	<u>89,639</u>	<u>182,176</u>	<u>271,815</u>
NET ASSETS			
Unrestricted	306,390	198,520	504,910
Permanently Restricted	4,500	-	4,500
Total Net Assets	<u>310,890</u>	<u>198,520</u>	<u>509,410</u>
Total Liabilities and Net Assets	<u>\$ 400,529</u>	<u>\$ 380,696</u>	<u>\$ 781,225</u>

SUPPLEMENTARY INFORMATION

NETWORK OF JEWISH HUMAN SERVICE AGENCIES
SCHEDULE OF FUNCTIONAL EXPENSES
PERIOD FROM MERGER (MAY 1, 2017) TO DECEMBER 31, 2017

	Program Services	Fundraising	Management & General	Total
Personnel and Related Expenses:				
Payroll	\$ 306,534	\$ 9,202	\$ 16,478	\$ 332,214
Payroll Taxes and Benefits	53,021	1,592	2,850	57,463
Total Personnel and Related Expenses	359,555	10,794	19,328	389,677
Other Expenses:				
Annual Meeting Expenses	66,402	1,993	3,569	71,964
Bad Debt Expense	27,448	824	1,476	29,748
Bank Fees	16,537	496	889	17,922
Depreciation	12,208	366	657	13,231
Dues and Memberships	9,173	275	493	9,941
Equipment Lease and Maintenance	6,603	198	355	7,156
Insurance	8,023	241	431	8,695
Membership	3,319	100	178	3,597
Miscellaneous	363	13	17	393
Professional Fees	193,847	5,819	10,420	210,086
Rent and Occupancy Costs	51,840	1,556	2,787	56,183
Travel	16,833	505	905	18,243
Total Other Expenses	412,596	12,386	22,177	447,159
Total Expenses	\$ 772,151	\$ 23,180	\$ 41,505	\$ 836,836



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Wealth Advisors, LLC, an SEC-registered investment advisor.