Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Financial Statements

Year Ended December 31, 2018

Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Financial Statements

Year Ended December 31, 2018

C O N T E N T S

Independent Auditor's 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 Network of Jewish Human Service Agencies (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and changes in net assets, functional expenses, and cash flows for the year 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.

Auditor's 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 of 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 auditor's 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.

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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sax LLP

Clifton, New Jersey
July 28, 2019

Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Statement of Financial Position

Year Ended December 31, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 341,991
Accounts receivable less allowance of $369	24,840
Grant receivable	945,897
Investments	109,179
Prepaid expenses and other	22,097
Total current assets	1,444,004
NET PROPERTY AND EQUIPMENT	18,199
TOTAL ASSETS	**$ 1,462,203**
LIABILITIES AND STOCKHOLERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 64,465
Accrued grant payable	938,932
Deferred revenue	220,684
Total current liabilities	1,224,081
NET ASSETS	
Without donor restrictions	238,122
TOTAL LIABILITIES AND NET ASSETS	**$ 1,462,203**

See accompanying Notes to Financial Statements.

Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2018

	Without Donor Restrictions
REVENUE AND OTHER SUPPORT	
Membership dues	$ 698,918
Grants and contributions	1,031,020
Alliance and Federation Allocations	76,047
Conference fees	210,419
Miscellaneous	73,098
Total revenue and other support	2,089,502
FUNCTIONAL EXPENSES	
Program expenses	1,874,416
Management and general expenses	252,660
Fundraising expenses	84,112
Total functional expenses	2,211,188
Decrease in net assets before investment income (loss)	**(121,686)**
Investment (loss)	(3,678)
Decrease in net assets	**(125,364)**
NET ASSETS, *beginning of year*	363,486
NET ASSETS, *end of year*	**$ 238,122**

See accompanying Notes to Financial Statements.

Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Supporting Services			
	Program	Fundraising	Management and General	Subtotal	Total
Office salaries	$ 347,759	$ 44,615	$ 99,733	$ 144,348	$ 492,107
Payroll taxes and employee benefits	81,928	10,385	23,079	33,464	115,392
Telephone	1,761	1,056	704	1,760	3,521
Professional fees	115,172	7,554	109,040	116,594	231,766
Office expenses	1,925	664	443	1,107	3,032
Travel	22,846	-	-	-	22,846
Conferences and conventions	276,986	-	-	-	276,986
Rent	12,600	7,560	5,040	12,600	25,200
Advertising	388	-	-	-	388
Dues and subscriptions	5,871	3,523	2,349	5,872	11,743
Meals and entertainment	145	-	-	-	145
Equipment rental	4,459	2,675	1,783	4,458	8,917
Membership/direct response marketing	2,562	1,537	1,025	2,562	5,124
Licenses and insurance	5,162	-	5,162	5,162	10,324
Bank fees	20,428	-	-	-	20,428
Grant expense	938,932	-	-	-	938,932
Miscellaneous	28,604	410	1,547	1,957	30,561
Office supplies	904	543	362	905	1,809
Total expenses before depreciation	1,868,432	80,522	250,267	330,789	2,199,221
Depreciation	5,984	3,590	2,393	5,983	11,967
Total functional expenses	**$ 1,874,416**	**$ 84,112**	**$ 252,660**	**$ 336,772**	**$ 2,211,188**

See accompanying Notes to Financial Statements.

Network of Jewish Human Service Agencies
[a Non-Profit Organization]

Statement of Cash Flows

Year Ended December 31, 2018

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	$	(125,364)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Realized and unrealized (gain)/loss on investments		6,164
Depreciation		11,967
(Increase) decrease in assets		
Accounts receivable		33,861
Grant receivable		(921,181)
Prepaid expenses and other		(3,650)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses		969,263
Deferred revenue		157,141
		128,201
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of property and equipment		(18,955)
Purchase of investments		(6,288)
Sale of investments		30,000
		4,757
Net increase in cash and cash equivalents		**132,958**
CASH AND CASH EQUIVALENTS, *beginning of year*		209,033
CASH AND CASH EQUIVALENTS, *end of year*	**$**	**341,991**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Nature of the Organization

The Network of Jewish Human Service Agencies (the “Organization” or “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.

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.

b. Basis of 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”) ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for Profit Entities.* Under ASU 2016-14, net asset terminology has been revised and a liquidity and availability disclosure is included to comply with the new ASU.

The Organization classifies resources for accounting and reporting purposes into one of two net asset categories according to external (donor) imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. For the year ended December 31, 2018, the Organization had no net assets with donor restrictions.

c. Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

d. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit 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. As of December 31, 2018, the allowance for doubtful accounts is $369.

f. Property and Equipment

Property and equipment are recorded 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.

g. Revenue Recognition

The Organization bills membership dues and recognizes revenue on a monthly basis. Dues are assessed to each member agency based on 0.5% for those agencies with prior year's personnel costs under $2.5 million, with dues not to be less than $500. For agencies with prior year's personnel costs over $2.5 million, membership dues are assessed based on 1% of personnel costs, with dues not 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.

h. Income Tax Status

The Organization is a non-profit corporation, exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded in the financial statements.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is not subject to income tax examinations by the U.S. federal, state, or local tax authorities unless the Organization was engaged in activities that would generate unrelated business income.

i. Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets, and in the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based upon employee time on functions relating to the specific activity, or in the case of shared expense, using an allocation based on management's estimation of personnel costs, usage, or other relevant bases. Depreciation is allocated based on the function the asset services.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

j. Foreign Deposits

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

k. Concentration of 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.

l. Pending Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. The updated standard will be effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Evaluation of Subsequent Events

The Organization evaluated subsequent events through July 28, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

The Organization has $366,831 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of $341,991 and accounts receivable of $24,840. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization's practice is to manage financial assets to be available for its general expenditures, liabilities, and other obligations. In the event of an unanticipated liquidity need, the Organization could also draw upon its available line of credit.

Note 3 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not had any losses relative to these cash balances in 2018.

Note 4 - Investments

Investments consisted of the following as of December 31, 2018:

	Cost	Fair Value	Cumulative Unrealized Gain/(Loss)
Temporarily invested cash	$ 840	$ 840	$ -
Exchange traded funds (ETF)	93,557	108,339	14,782
Total investments	$ 94,397	$ 109,179	$ 14,782

Investment income included in the change in net assets for the year ended December 31, 2018 is as follows:

Realized and unrealized gain/(loss)	$ (6,164)
Interest income	2,486
Total investment income (loss)	$ (3,678)

Note 5 - 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 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, 2018.

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, 2018:

	Level 1	Level 2	Level 3	Total
Exchange traded funds (ETF)	$ 108,339	$ -	$ -	$ 108,339

Note 6 - Line of Credit

The Network has a line of credit agreement with a bank in the amount of $50,000, which matures on October 9, 2019. The line of credit has a variable interest rate based on the prime interest rate at year end. As of December 31, 2018, there were no borrowings or outstanding balance.

Note 7 - 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, in which the Network provides 100% match up to 3% of employee contributions and 50% match for employee contributions between 3% and 5%. The Network contributions to the plan for the year ended December 31, 2018 was $30,545.

The Network is a sponsor of a 457(b) deferred compensation plan and provides a match of 3% of employee compensation. The Network contributions to the plan for the year ended December 31, 2018 was $4,010.

Note 8 - 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 year ended December 31, 2018 was $25,200.

Scheduled future minimum lease payments under this operating lease are as follows:

For the years ending December 31,		
2019	$	25,200
2020		8,400
	$	33,600