

**Jewish Association for Services  
for the Aged and Affiliate**

Combined Financial Statements

June 30, 2018 and 2017



**BAKER TILLY**

Candor. Insight. Results.

# **Jewish Association for Services for the Aged and Affiliate**

---

Table of Contents

June 30, 2018 and 2017

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Combined Financial Statements</b>	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8

## **Independent Auditors' Report**

Board of Trustees  
Jewish Association for Services for the Aged and Affiliate

We have audited the accompanying combined financial statements of Jewish Association for Services for the Aged and Affiliate (the "Organization"), which comprise the combined statements of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combined 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 the combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Jewish Association for Services for the Aged and Affiliate as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Baker Tilly Virchow Krause, LLP*

New York, New York  
November 30, 2018

# Jewish Association for Services for the Aged and Affiliate

Combined Statements of Financial Position  
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,467,602	\$ 2,536,267
Investments at fair value	2,803,177	2,751,000
Due from governmental agencies	5,128,434	4,623,900
Accounts receivable, net	2,229,396	1,092,458
Due from affiliates	724,791	914,573
Prepaid expenses and other assets	325,737	322,733
	<hr/>	<hr/>
Total current assets	13,679,137	12,240,931
<b>Non-Current Assets</b>		
Investments in limited liability investment companies	4,545,539	4,322,177
Accounts receivable, net	750,000	-
Property and equipment, net	932,654	1,054,091
Assets held for a specific purpose	433,025	443,333
Assets held for Guardianship clients and others	10,359,362	8,964,529
	<hr/>	<hr/>
Total non-current assets	17,020,580	14,784,130
	<hr/>	<hr/>
Total assets	<u>\$ 30,699,717</u>	<u>\$ 27,025,061</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,482,101	\$ 2,999,235
Accrued payroll and payroll taxes	3,197,482	2,075,038
Refundable advances and other liabilities	279,398	365,407
	<hr/>	<hr/>
Total current liabilities	5,958,981	5,439,680
<b>Non-Current Liabilities</b>		
Loan payable	280,000	195,254
Deferred rent liabilities	891,788	679,658
Amounts held for a specific purpose	433,025	443,333
Due to Guardianship clients and others	10,359,362	8,964,529
	<hr/>	<hr/>
Total non-current Liabilities	11,964,175	10,282,774
	<hr/>	<hr/>
Total liabilities	17,923,156	15,722,454
<b>Net Assets</b>		
Unrestricted	9,655,407	9,249,114
Temporarily restricted	1,897,512	843,371
Permanently restricted	1,223,642	1,210,122
	<hr/>	<hr/>
Total net assets	12,776,561	11,302,607
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 30,699,717</u>	<u>\$ 27,025,061</u>

See notes to combined financial statements

**Jewish Association for Services for the Aged and Affiliate**

 Combined Statements of Activities  
 Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>								
Private support:								
UJA - Federation of New York grants	\$ 2,720,408	\$ -	\$ -	\$ 2,720,408	\$ 2,703,091	\$ -	\$ -	\$ 2,703,091
Contributions	1,594,234	581,443	-	2,175,677	2,043,604	1,126,347	-	3,169,951
Meals on Wheels grants	1,261,506	-	-	1,261,506	1,222,675	-	-	1,222,675
Special events, net	1,412,688	1,087,500	-	2,500,188	401,243	-	-	401,243
Legacies and bequests	36,148	-	-	36,148	28,635	-	-	28,635
Total private support	7,024,984	1,668,943	-	8,693,927	6,399,248	1,126,347	-	7,525,595
<b>Governmental Support</b>	38,207,841	-	-	38,207,841	36,706,030	-	-	36,706,030
Total private and governmental support	45,232,825	1,668,943	-	46,901,768	43,105,278	1,126,347	-	44,231,625
<b>Revenues</b>								
Program service fees	4,487,695	-	-	4,487,695	4,640,702	-	-	4,640,702
Housing management fees	1,519,467	-	-	1,519,467	1,498,516	-	-	1,498,516
Client fees	623,928	-	-	623,928	723,002	-	-	723,002
Miscellaneous	112,169	-	-	112,169	369,333	-	-	369,333
Investment income, net	282,902	43,107	13,520	339,529	472,870	68,946	66	541,882
Total revenues	7,026,161	43,107	13,520	7,082,788	7,704,423	68,946	66	7,773,435
<b>Net Assets Released from Restrictions</b>	657,909	(657,909)	-	-	943,700	(943,700)	-	-
Total support and revenues	52,916,895	1,054,141	13,520	53,984,556	51,753,401	251,593	66	52,005,060
<b>Expenses</b>								
Program services	43,879,388	-	-	43,879,388	43,431,713	-	-	43,431,713
Total program services	43,879,388	-	-	43,879,388	43,431,713	-	-	43,431,713
<b>Supporting Services</b>								
Management and general	8,210,114	-	-	8,210,114	7,818,590	-	-	7,818,590
Fundraising	421,100	-	-	421,100	319,837	-	-	319,837
Total supporting services	8,631,214	-	-	8,631,214	8,138,427	-	-	8,138,427
Total expenses	52,510,602	-	-	52,510,602	51,570,140	-	-	51,570,140
Changes in net assets	406,293	1,054,141	13,520	1,473,954	183,261	251,593	66	434,920
<b>Net Assets, Beginning of Year</b>	9,249,114	843,371	1,210,122	11,302,607	9,065,853	591,778	1,210,056	10,867,687
<b>Net Assets, End of Year</b>	\$ 9,655,407	\$ 1,897,512	\$ 1,223,642	\$ 12,776,561	\$ 9,249,114	\$ 843,371	\$ 1,210,122	\$ 11,302,607

See notes to combined financial statements

**Jewish Association for Services for the Aged and Affiliate**

Combined Statements of Functional Expenses

Year Ended June 30, 2018 with Comparative Total for the Year Ended June 30, 2017

	Program Services										Total Program and Support Services	
	Community Guardian and Adult Protective Services					Supporting Services					2018	2017
	Senior Centers	Home Delivered Meals	Case Management	Other Programs	Total	Management and General	Fundraising	Total				
Salaries	\$ 5,230,786	\$ 3,064,749	\$ 1,388,403	\$ 3,489,154	\$ 8,819,455	\$ 21,992,547	\$ 4,338,923	\$ 217,134	\$ 4,556,057	\$ 26,548,604	\$ 25,986,911	
Payroll taxes and fringe benefits	1,568,873	1,021,711	492,228	1,221,141	3,102,446	7,406,399	1,554,513	56,674	1,611,187	9,017,586	8,251,982	
Total salaries and related expenses	6,799,659	4,086,460	1,880,631	4,710,295	11,921,901	29,398,946	5,893,436	273,808	6,167,244	35,566,190	34,238,893	
Food and related expenses	-	1,817,298	2,991,278	-	63,924	4,872,500	-	-	-	4,872,500	5,152,892	
Occupancy	955,039	1,041,630	30,355	199,365	1,066,914	3,293,303	467,213	31,940	499,153	3,792,456	4,163,385	
Professional fees	630,377	799	15	189,737	1,131,061	1,951,989	962,826	74,660	1,037,486	2,989,475	2,586,060	
Client services	2,593	616,405	-	79,119	885,296	1,583,413	-	-	-	1,583,413	1,518,186	
Program and office expenses	157,647	227,926	38,459	98,228	599,225	1,121,485	353,016	36,622	389,638	1,511,123	1,498,457	
Communication	106,182	108,982	35,728	52,736	198,509	502,137	114,553	1,911	116,464	618,601	764,449	
Transportation expenses	60,827	46,102	118,584	10,879	100,314	336,706	8,131	439	8,570	345,276	401,577	
Insurance	21,497	54,634	216,141	16,950	112,313	421,535	87,541	759	88,300	509,835	480,543	
Miscellaneous	24,324	4,420	257	243	34,525	63,769	83,801	961	84,762	148,531	146,402	
Bad debt expense	-	350	-	-	175,872	176,222	4,543	-	4,543	180,765	182,753	
Total expenses before depreciation and amortization	8,758,145	8,005,006	5,311,448	5,357,552	16,289,854	43,722,005	7,975,060	421,100	8,396,160	52,118,165	51,133,597	
Depreciation and amortization	24,873	36,751	76,483	11,332	7,944	157,383	235,054	-	235,054	392,437	436,543	
Total functional expenses	\$ 8,783,018	\$ 8,041,757	\$ 5,387,931	\$ 5,368,884	\$ 16,297,798	\$ 43,879,388	\$ 8,210,114	\$ 421,100	\$ 8,631,214	\$ 52,510,602	\$ 51,570,140	

See notes to combined financial statements

**Jewish Association for Services for the Aged and Affiliate**

Combined Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services									Total Program and Supporting Services
	Community Guardian and Adult Protective Services					Total	Supporting Services			
	Senior Centers	Home Delivered Meals	Case Management	Other Programs	Management and General		Fundraising	Total		
Salaries	\$ 4,526,071	\$ 2,769,090	\$ 1,390,314	\$ 3,390,087	\$ 9,531,717	\$ 21,607,279	\$ 4,196,401	\$ 183,231	\$ 4,379,632	\$ 25,986,911
Payroll taxes and fringe benefits	1,420,761	1,017,788	572,651	939,147	3,111,808	7,062,155	1,151,534	38,293	1,189,827	8,251,982
Total salaries and related expense	5,946,832	3,786,878	1,962,965	4,329,234	12,643,525	28,669,434	5,347,935	221,524	5,569,459	34,238,893
Food and related expense	-	1,752,653	2,952,550	-	447,689	5,152,892	-	-	-	5,152,892
Occupancy	834,619	1,031,559	27,014	208,046	1,593,140	3,694,378	439,271	29,736	469,007	4,163,385
Professional fees	545,645	594	-	192,583	858,181	1,597,003	975,637	13,420	989,057	2,586,060
Client services	4,147	616,368	-	62,313	835,358	1,518,186	-	-	-	1,518,186
Program and office expense	185,991	239,109	35,176	92,392	478,892	1,031,560	434,451	32,446	466,897	1,498,457
Communication	166,593	112,189	33,766	88,456	229,726	630,730	125,860	7,859	133,719	764,449
Transportation expense	79,470	34,904	122,777	11,448	143,629	392,228	9,204	145	9,349	401,577
Insurance	20,399	52,270	159,468	13,714	151,315	397,166	82,624	753	83,377	480,543
Miscellaneous	2,541	9,957	31	126	23,433	36,088	107,360	2,954	110,314	146,402
Bad debt expense	-	-	1,387	-	154,737	156,124	15,629	11,000	26,629	182,753
Total expenses before depreciation and amortization	7,786,237	7,636,481	5,295,134	4,998,312	17,559,625	43,275,789	7,537,971	319,837	7,857,808	51,133,597
Depreciation and amortization	13,836	68,389	65,030	883	7,786	155,924	280,619	-	280,619	436,543
Total functional expenses	<u>\$ 7,800,073</u>	<u>\$ 7,704,870</u>	<u>\$ 5,360,164</u>	<u>\$ 4,999,195</u>	<u>\$ 17,567,411</u>	<u>\$ 43,431,713</u>	<u>\$ 7,818,590</u>	<u>\$ 319,837</u>	<u>\$ 8,138,427</u>	<u>\$ 51,570,140</u>

See notes to combined financial statements

## Jewish Association for Services for the Aged and Affiliate

Combined Statements of Cash Flows  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 1,473,954	\$ 434,920
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	392,437	436,543
Changes in allowance for doubtful accounts	83,127	53,950
Bad debt expense	180,765	182,753
Realized and unrealized gains on investments	(321,215)	(528,793)
Loss on disposal of property and equipment	7,898	1,137
Deferred rent payable	212,130	222,984
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,150,830)	(204,965)
Due from governmental agencies	(504,534)	(1,194,961)
Due from affiliates	189,782	(613,722)
Prepaid expenses and other assets	(3,004)	134,329
Assets held for a specific purpose	10,308	74,894
Assets held for Guardianship clients and others	(1,394,833)	1,283,673
Increase (decrease) in:		
Accounts payable and accrued expenses	(517,134)	703,881
Accrued payroll and payroll taxes	1,122,444	162,266
Refundable advances and other liabilities	(86,009)	(2,570)
Amounts held for a specific purpose	(10,308)	(74,894)
Due to Guardianship clients and others	1,394,833	(1,283,673)
Net cash provided by (used in) operating activities	<u>79,811</u>	<u>(212,248)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(1,471,164)	(3,894,917)
Proceeds from sales of investments	1,516,840	3,350,144
Purchase of property and equipment	<u>(278,898)</u>	<u>(261,743)</u>
Net cash used in investing activities	<u>(233,222)</u>	<u>(806,516)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan payable	<u>84,746</u>	<u>195,254</u>
Net cash provided by financing activities	<u>84,746</u>	<u>195,254</u>
Net decrease in cash and cash equivalents	(68,665)	(823,510)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,536,267</u>	<u>3,359,777</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,467,602</u>	<u>\$ 2,536,267</u>

See notes to combined financial statements

# **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements  
June 30, 2018 and 2017

## **1. Description of the Organization**

Jewish Association for Services for the Aged and Affiliate ("JASA Services" or the "Organization") was founded in 1968 by the UJA Federation of New York to provide comprehensive services to the older adults living in New York City and Long Island. JASA Services' mission is to sustain and enrich the lives of the aging in the New York metropolitan area so that they can remain in the community with dignity and autonomy. Annually, JASA Services assists more than 43,000 older adults, their family members and others who care for them, through a comprehensive, integrated network of services that provides a range of community care. Programs include case management, licensed mental health services, legal services, community guardian, adult protective services, senior centers, home delivered meals, social adult day care, special services for caregivers and victims of elder abuse. JASA Services is a trusted community resource for the diverse senior population living in the New York metropolitan area. Service delivery is client-centered, through the provision of programs that meet the needs and preferences of both able and frail older adults and maximize opportunities for fulfillment and safety in the community.

JASA Housing Management Services for the Aged, Inc. ("JHM") is a not-for-profit corporation incorporated in the State of New York, which develops and manages housing facilities for older adults.

JASA Services and JHM are each wholly controlled by the JASA Corporation, their sole member.

## **2. Summary of Significant Accounting Policies**

### **Principles of Combination**

The accompanying combined financial statements include the accounts of JASA Services and JHM, which are related through common board membership. All significant inter-organizational transactions and balances have been eliminated in combination.

### **Basis of Accounting**

The combined financial statements have been prepared on the accrual basis of accounting.

### **Net Asset Classification**

The Organization classifies its net assets into three categories, which are unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of the Organization and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statements of activities as net assets released from restrictions.

# **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements

June 30, 2018 and 2017

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained in perpetuity by the Organization.

In the combined statements of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

## **Use of Estimates**

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America ("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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash deposited with major U.S. banks.

## **Investments**

Investments in certificates of deposit with a maturity of more than three months and investments in debt securities are stated at their fair values in the combined statements of financial position. Net realized and unrealized gains and losses for the period are shown in the combined statements of activities.

## **Investments in Limited Liability Investment Companies**

The Organization's investments in limited liability investment companies ("investment entities") are stated at fair value.

Investment entities are selected by the Investment Committee, which receives offering documents and performance history of each investment manager. The Investment Committee interviews the manager to determine whether the investment philosophy (particularly with respect to risk) and strategies of the investment entities are in the best interests of the Organization. Only after the Investment Committee makes a positive recommendation does the Organization invest in an investment entity. In addition, the actions of the Investment Committee are subject to review and approval by the Board of Trustees of the Organization.

## **Endowment**

The Organization follows the provisions of the *Not-for-Profit Entities Topic* of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, related to enhanced disclosures for endowment funds. Specifically, the Organization classifies the portion of the endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to unrestricted net assets would not occur until the purpose restriction also has been met.

# Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

## Pledges Receivable

Unconditional promises to give are recognized as contribution revenue in the period received and are classified as unrestricted, temporarily restricted or permanently restricted support in accordance with the donor's intent. Promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. As of June 30, 2018 and 2017, pledges receivable are expected to be fully collected within five years and are included in accounts receivable on the combined statements of financial position.

## Accounts Receivable and Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible government grants, accounts and pledges receivable. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. Accounts receivable is shown net of allowance for doubtful accounts of approximately \$168,000 and \$85,000 for the years ended June 30, 2018 and 2017, respectively. An allowance for doubtful accounts is not considered necessary for due from governmental agencies or pledges receivable as of June 30, 2018 and 2017.

## Property and Equipment and Depreciation and Amortization

Property and equipment, which includes land, leasehold improvements, furniture and equipment, computer equipment, software and website and vehicles are stated at cost, or for donated items, at the fair value of the asset on the date of the gift. Depreciation is calculated using the straight-line method based on the following estimated useful lives of the respective assets:

	<u>Years</u>
Leasehold improvements	4 - 10
Furniture and equipment	10
Computer equipment, software and website	3
Vehicles	5

Property and equipment are capitalized if the cost, or fair value at date of donation, is \$5,000 or more and the useful life is greater than one year. Leasehold improvements are amortized over the life of the property or lease term, whichever is shorter. The cost of equipment and leasehold improvements financed by governmental funding sources is expensed when incurred if the contractual agreement specifies that title to these assets rests with the governmental funding source rather than the Organization.

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is recorded except for assets traded where no cash is received. Expenditures for maintenance and repairs are expensed as incurred; replacements and betterments that extend the useful lives are capitalized.

## **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements  
June 30, 2018 and 2017

### **Assets Held for a Specific Purpose**

Assets held for a specific purpose are funds held by the Organization for burial costs.

### **Assets Held for Guardianship Clients**

Assets held for Guardianship clients include funds held by the Organization in its capacity as Guardian, by appointment of the Supreme Court of the State of New York, and as representative payee with power of attorney for numerous elderly persons ("Guardianship clients"). Disbursements are made according to a court mandate requiring the Organization to pay all expenditures on behalf of the Guardianship clients.

### **Deferred Rent**

For accounting purposes, the total rent payable over the life of the lease, which escalates over time, is recognized on the straight-line basis. Actual rent payments differ from these reported amounts; actual rent paid is less than reported amounts in the early years of the lease and exceeds the reported amounts in the later years. Deferred rent reflects the difference between the straight-line calculation reported and the actual rent expense paid.

### **Contributions**

Contributions and pledges received are recorded as public support in the period received and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. The Organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### **In-Kind Contributions**

Not-for-profit entities are required to record contributed goods and services revenue if those services create or enhance nonfinancial assets or are provided by individuals who possess specialized skills that would typically need to be purchased, if not provided by donation. For the years ended June 30, 2018 and 2017, the Organization recorded contributed goods and services revenue of approximately \$188,000 and \$387,000, respectively, with an equivalent amount recorded as an expense.

# **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements  
June 30, 2018 and 2017

## **Revenue Recognition**

### **Third-Party Reimbursement**

The Organization receives a substantial portion of its revenue for services provided to approved clients from third-party reimbursement agencies; primarily the New York City Department for the Aging ("DFTA") and the New York City Human Resources Administration ("HRA"). The income from these agencies is recognized when expenses are incurred under approved contracts. These contracts are primarily budget based and revenue is determined by allowable expenditures incurred during the specified contract periods. Costs are subject to audits by third-party payers and changes, if any, are recognized in the year that they are known to the Organization.

### **Program Service Fees**

Program service revenue includes estimated net realizable amounts to be received from third-party payers for services rendered by the Organization. Such revenue for the years ended June 30, 2018 and 2017 is principally related to individuals participating in the Organization's clinic and residential programs, who are covered principally by Medicare, Medicaid, and third-party payers.

### **Management Fees**

The Organization receives management fees from its affiliates which are reported on the combined statements of activities. JHM, Services for the Aged, and Association for Services for the Aged are charged management fees by JASA Services for various management services that JASA Services provides. Eight affiliated housing entities are charged management fees by JHM for various management services. Management fees are recognized when management services are performed.

### **Grant Income**

The Organization has an agreement with UJA Federation of New York in which it receives monthly grant funds, both unrestricted and restricted for services and other programs for older adults.

## **Functional Allocation of Expenses**

The costs of providing various programs and supporting services have been summarized on a functional basis in the combined statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on management's best estimates.

## **Tax-Exempt Status**

JASA Services and JHM are classified as public charities and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and from state income taxes. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. There was no unrelated business income for the years ended June 30, 2018 and 2017.

## **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements

June 30, 2018 and 2017

### **Uncertain Tax Positions**

Management evaluated the Organization's tax positions and concluded that the Organization has not taken any uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of the FASB ASC 740 *Accounting for Uncertainty in Income Taxes*.

### **Recent Accounting Pronouncements**

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-14 on the Organization's combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Organization for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact of ASU 2014-09 on the Organization's combined financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Organization for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-18 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-18 on the Organization's combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the combined statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Organization's combined financial statements.

# Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

During 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*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. For not-for-profit entities that have conduit debt, ASU 2018-08 is effective for fiscal years beginning after June 30, 2018. All other entities should apply the amendments for fiscal years beginning after December 15, 2018. The Organization is currently assessing the impact that ASU 2018-08 will have on its results of operations, financial position, and cash flows.

## Subsequent Events

Subsequent events have been evaluated through November 30, 2018, which is the date the combined financial statements were available to be issued.

## 3. Investments

The Organization's investments are summarized as follows as of June 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Investments in limited liability investment companies	\$ 3,026,713	\$ 4,545,539	\$ 3,416,041	\$ 4,322,177
Certificates of deposit, FDIC insured and RBC insured	2,802,177	2,802,177	2,750,000	2,750,000
Corporate bonds	1,000	1,000	1,000	1,000
Total	<u>\$ 5,829,890</u>	<u>\$ 7,348,716</u>	<u>\$ 6,167,041</u>	<u>\$ 7,073,177</u>
			<u>2018</u>	<u>2017</u>
Interest and dividend income:				
Limited liability investment companies			\$ 1,321	\$ 1,075
Other investments			16,993	12,014
			18,314	13,089
Realized and unrealized gains (losses):				
Limited liability investment companies			323,279	529,386
Other investments			(2,064)	(593)
Total			<u>\$ 339,529</u>	<u>\$ 541,882</u>

## **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements  
June 30, 2018 and 2017

As of June 30, 2018 and 2017, the Organization deemed that all securities which were in an unrealized loss position were temporarily impaired. Positive evidence considered in reaching the Organization's conclusion that the investments in an unrealized loss position are not other than temporarily impaired consisted of:

- (1) There were no specific events which caused concerns;
- (2) The Organization's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and
- (3) The Organization also determined that the changes in market value were considered normal in relation to overall fluctuations in interest rates.

### **4. Fair Value Measurements**

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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.

## Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

The Organization's holdings in certificates of deposit consist of FDIC insured investments with original maturities greater than 90 days that are carried at their aggregate fair values, determined by quoted market prices, and which can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

The fair value of corporate bonds is estimated using recently executed transactions or market price quotations (where observable). The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are classified as Level 2 in the fair value hierarchy.

Given the absence of market quotations, alternative investments in non-marketable funds are reported at net asset value ("NAV") as a practical expedient to estimate the fair value of the Organization's interest therein. Their fair values are estimated using information provided to the Organization by the investment managers. Individual investment holdings within the alternative investments may include investments in both non-marketable and market-traded securities. Non-marketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles. While the investments may indirectly expose the Organization to various financial instruments and varying degrees of risk, the Organization's exposure with respect to each such investment is limited to its carrying amount (fair value) in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Organization does not directly invest in the underlying securities of the investment funds and, due to certain restrictions on transferability and timing of withdrawals from the limited liability investment companies, the amounts realized upon liquidation could differ from reported values that are based on current conditions.

Below sets forth a table of assets measured at fair value as of June 30, 2018 and 2017:

	2018			Total
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certificates of deposit, FDIC insured and RBC insured	\$ 2,802,177	\$ -	\$ -	\$ 2,802,177
Corporate bonds	-	1,000	-	1,000
Other	42,617	-	-	42,617
Total	<u>\$ 2,844,794</u>	<u>\$ 1,000</u>	<u>\$ -</u>	2,845,794
Investments measured at net asset value (a)				<u>4,502,922</u>
Total investments				<u>\$ 7,348,716</u>

## Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

	2017			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificated of deposit, FDIC insured	\$ 2,750,000	\$ -	\$ -	\$ 2,750,000
Corporate bonds	-	1,000	-	1,000
Other	41,296	-	-	41,296
Total	<u>\$ 2,791,296</u>	<u>\$ 1,000</u>	<u>\$ -</u>	2,792,296
Investments measured at net asset value (a)				<u>4,280,881</u>
Total investments				<u>\$ 7,073,177</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

In accordance with ASU 2009-12, the Organization expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable.

## Jewish Association for Services for the Aged and Affiliate

### Notes to Combined Financial Statements

June 30, 2018 and 2017

The following tables summarize investments for which fair value is measured using NAV per share practically expedient as of June 30, 2018 and 2017, respectively:

Investments	Fair Values as of June 30, 2018	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Double Black Diamond Ltd. ("DBD")	\$ 260,146	None	DBD offers quarterly liquidity with 60 days written notice	Investment must be held for 12 months. Not more than 10% of the aggregate assets of the fund and the onshore fund can be redeemed as of any redemption day. Any amount which a shareholder is not permitted to redeem as of any redemption day shall be carried forward and redeemed as of the next following redemption day, subject to the same 10% limitation, and in any event shall be redeemed in full within 12 months.	60 days
Greenlight Masters Offshore I, Ltd. ("GMO")	1,727,536	None	GMO offers annual liquidity with 105 days written notice	Series A Shares must be held at least 25 consecutive months prior to redemption. Series B Shares will generally be permitted to redeem with no holding period.	105 days
Millennium International Ltd.	2,447,477	None	Millennium offers annual liquidity with 90 days written notice	Investments - Class MM Redemptions are annual (occurring on the anniversary of the initial subscription date for each tranche) and subject to a 90 day prior written notice. Annual withdrawals/redemptions are upon anniversary.	90 days
Other	67,763	None	None	No redemptions are permitted.	N/A

## Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements  
June 30, 2018 and 2017

Investments	Fair Values as of June 30, 2017	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Double Black Diamond Ltd. ("DBD")	\$ 338,930	None	DBD offers quarterly liquidity with 60 days written notice	Investment must be held for 12 months. Not more than 10% of the aggregate assets of the fund and the onshore fund can be redeemed as of any redemption day. Any amount which a shareholder is not permitted to redeem as of any redemption day shall be carried forward and redeemed as of the next following redemption day, subject to the same 10% limitation, and in any event shall be redeemed in full within 12 months.	60 days
Greenlight Masters Offshore I, Ltd. ("GMO")	1,648,872	None	GMO offers annual liquidity with 105 days written notice	Series A Shares must be held at least 25 consecutive months prior to redemption. Series B Shares will generally be permitted to redeem with no holding period.	105 days
Millennium International Ltd.	2,207,744	None	Millennium offers annual liquidity with 90 days written notice	Investments - Class MM Redemptions are annual (occurring on the anniversary of the initial subscription date for each tranche) and subject to a 90 day prior written notice. Annual withdrawals/redemptions are upon anniversary.	90 days
Other	85,335	None	None	No redemptions are permitted.	N/A

### 5. Investments in Limited Liability Investment Companies

As of June 30, 2018 and 2017, \$4,545,539 (48%) and \$4,322,177 (46%), respectively, of the Organization's investment portfolio consisted of interests in limited liability investment companies, which are engaged in a variety of investment strategies. Net investment income generated from these investments consisted of \$323,279 and \$529,386 of realized and unrealized gains and \$1,321 and \$1,075 in investment income for the years ended June 30, 2018 and 2017, respectively.

These investment entities invest in various domestic and international types of securities and derivative financial instruments and real estate. Redemptions of the Organization's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from 0.5% to 1.5% plus an incentive allocation, usually 20% of profits.

There can be no assurance that the Organization will continue to achieve the same level of returns on its investments in limited liability investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that the Organization will receive a return of all or any portion of its current or future capital investments in limited liability investment companies. In general, risks associated with such investments include those related to their underlying investments.

## Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements  
June 30, 2018 and 2017

### 6. Property and Equipment, Net

Property and equipment consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,495	\$ 1,495
Leasehold improvements	379,855	332,581
Furniture and equipment	547,012	453,177
Computer equipment, software and website	768,918	737,190
Vehicles	703,062	604,899
	<u>2,400,342</u>	<u>2,129,342</u>
Less accumulated depreciation and amortization	<u>1,467,688</u>	<u>1,075,251</u>
Total property and equipment, net	<u>\$ 932,654</u>	<u>\$ 1,054,091</u>

Depreciation and amortization expenses for the years ended June 30, 2018 and 2017 were approximately \$392,000 and \$437,000, respectively.

### 7. Related Party Transactions

The Organization is related to JHM, One Stop Senior Services, and eight housing entities through their sole member, JASA Corporation. The Organization is related to Association for Services for the Aged and Services for the Aged through common board members. The housing entities operate apartment buildings located in New York City, and are regulated by the United States Department of Housing and Urban Development ("HUD"). Brookdale Village Housing Corporation and Coney Island Site Nine Houses, Inc. are also regulated by the New York State Division of Housing and Community Renewal ("DHCR"). JHM provides management services to the eight housing entities through management agreements approved by HUD and/or DHCR. The Organization provides some services onsite at the housing entities, for which the Organization is reimbursed. JHM recognized housing management fee income of approximately \$1,519,000 and \$1,476,000 for the years ended June 30, 2018 and 2017, respectively. Such fees are regulated by HUD or DHCR, as applicable.

The amounts due from affiliates are primarily for unpaid management fees, accounting fees and insurance costs. For the years ended June 30, 2018 and 2017, administrative fees charged to Services for the Aged and Association for Services for the Aged approximated \$1,410,000 and \$0, and \$1,281,000 and \$65,000, respectively.

During the year ended June 30, 2015, the Organization obtained a cost reimbursement Social Service Block Grant (the "SSBG") from the New York State Office for the Aging with a total contract budget of \$5,871,134. The purpose of the grant was to allow the Organization to incur resiliency costs to better prepare the housing entities it sponsors for potential future weather events like Super Storm Sandy. The Organization incurs the costs under various contracts with unrelated third parties and simultaneously contributes the resulting assets to the housing companies. The assets contributed are recorded as occupancy expense. For the years ended June 30, 2018 and 2017, expenses amounted to approximately \$53,000 and \$220,000, respectively.

## Jewish Association for Services for the Aged and Affiliate

### Notes to Combined Financial Statements

June 30, 2018 and 2017

The Organization paid office rent to its affiliate, One Stop Senior Services, in the amounts of approximately \$80,000 and \$111,000 for the years ended June 30, 2018 and 2017, respectively.

The following is a summary of related party receivables (payables):

	<u>2018</u>	<u>2017</u>
Due from (to) affiliates:		
Association for Services for the Aged/Services for the Aged	\$ 269,897	\$ 552,677
Brighton Beach Housing Development Fund Company, Inc.	65,208	13,986
Brookdale Village Housing Corporation	33,248	23,795
Coney Island Site Nine Houses, Inc.	53,959	121,390
Cooper Square Housing Development Fund Company, Inc.	53,628	48,418
Israel Senior Citizens Housing Development Fund Corp	115,602	54,477
Manhattan Beach Housing Development Fund Corporation	34,625	54,031
One Stop Senior Services, Inc.	(21,489)	3,375
Positively Third Street Housing Development Fund Co., Inc.	68,489	8,646
Seagirt Housing Development Fund Corporation	51,624	33,778
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 724,791</u>	<u>\$ 914,573</u>

## 8. Pension Plan

The Organization is a participant in a pension plan that has been characterized for financial accounting purposes as a multi-employer pension plan. The Retirement Plan for Employees of United Jewish Appeal - Federation of Jewish Philanthropies on New York, Inc. and Affiliate Agencies and Institutions (the "Fund") is a noncontributory, multi-employer defined benefit plan which covers union employees of the Organization. The risks of participating in multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If one of the participating employers petitions to stop participating in the multi-employer plan, such employer may be required to pay the plan a withdrawal liability based on the funded status of the plan.

The Fund is designed to provide retirement benefits for its members, including the eligible employees of the Organization. Benefits are calculated utilizing specified percentages within the plan document.

## Jewish Association for Services for the Aged and Affiliate

### Notes to Combined Financial Statements

June 30, 2018 and 2017

The following table discloses the most recent funded status of the Fund, as of October 1, 2017 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of September 30, 2017:

<u>Valuation Date</u>	<u>Fair Value of Plan Assets</u>	<u>Actuarial Present Value of Accumulated Plan Benefits</u>	<u>Total Contributions</u>	<u>Funded Status</u>	<u>Zone Status</u>
October 1, 2017	\$ 424,292,598	\$ 513,475,483	\$ 24,366,171	83 %	Green

As of September 30, 2017, the Fund has a certified green zone status as determined by the Fund's actuary. The Fund did not utilize any extended amortization provisions that would affect the calculation of their zone status.

The Organization is currently in the process of obtaining the funded status of the Fund as of October 1, 2018 (the date of the actuarial valuation), inclusive of the fair value of plan assets as of September 30, 2018.

JASA Services is not required to file an annual zone certification under the Pension Protection Act of 2006 and disclosures concerning a financial improvement plan or rehabilitation plan are not applicable. The Plan is at least 83% funded using the most recent financial information as of September 30, 2017, the end of the Plan year.

JASA Services' contributions to the Plan for the years ended June 30, 2018 and 2017 were approximately \$1,294,000 and \$982,900, respectively. These contributions represent approximately 5.4% and 5.0% of the total contributions for each of those years.

In addition, the Organization sponsors a defined contribution plan, under IRC 403(b), of which all employees are eligible to participate. Employees may defer a portion of their salaries up to the annual amount limited by the Internal Revenue Service. The Organization does not provide a matching contribution to this plan.

### 9. Loan Payable

JASA Services' landlord has provided an interest-free facilities improvement loan for a maximum amount of \$350,000. As of June 30, 2018 and 2017, JASA Services has borrowed approximately \$280,000 and \$195,000, respectively, from the landlord. The loan will be repaid in equal monthly installments over a period of 5 years which started on July 1, 2017.

### 10. Line of Credit

The Organization has available a secured \$2,000,000 line of credit agreement with a financial institution, with an expiration date of March 31, 2019. The line allows the Organization to borrow at LIBOR plus 150 basis points (3.44%) at June 30, 2018 and LIBOR plus 150 basis points (2.67%) at June 30, 2017, subject to certain restrictions. Funds borrowed under the agreement may be repaid at any time without penalty. There were no borrowings during either of the years ended June 30, 2018 and 2017.

# Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements  
June 30, 2018 and 2017

## 11. Commitments and Contingencies

### Government Funding

The Organization receives a substantial amount of its operating support from federal, state and local governments. Any significant reduction in the level of this support could have an effect on the programs the Organization provides. Approximately 81% of the government revenue is earned through contracts with the City of New York (which includes federal and state pass-through awards). These contractual agreements are on a reimbursement basis, which requires performance of certain services by the Organization before revenue can be recognized.

Pursuant to the contractual agreements with the governmental funding sources, governmental agencies have the right to examine the books and records of the Organization involving transactions related to these contracts. In the opinion of management, disallowances, if any, would not be material to the Organization's financial position.

### Operating Leases

The Organization leases office space under several operating leases expiring through November 2032. Aggregate minimum rent under operating leases are approximately as follows:

Years ending June 30:

2019	\$ 2,384,000
2020	2,261,000
2021	1,783,000
2022	1,543,000
2023	1,569,000
Thereafter	<u>15,525,000</u>
	<u>\$ 25,065,000</u>

Rent expense was approximately \$3,092,000 and \$3,270,000 for the years ended June 30, 2018 and 2017, respectively.

### Litigation

The Organization is a defendant in various legal actions in the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the Organization's management believes that the eventual liability to the Organization, if any, will be immaterial.

## **12. Endowment Funds**

The Organization's endowment consists of a donor-restricted endowment fund that has been established for various purposes and has been classified as permanently restricted net assets, as well as a board-designated quasi-endowment fund to be used and invested for certain organizational and operational purposes.

### **Interpretation of Relevant Law**

The spending of endowment funds by a not-for-profit corporation in the State of New York is governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Organization has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate earnings as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Organization classifies permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

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. The original amounts appropriated by the Board of Trustees for board-designated funds are classified as unrestricted quasi-endowment.

The Organization classifies as board-designated net assets (a) the original value of funds appropriated to the board-designated endowment, (b) the original value of subsequent funds appropriated to the board-designated endowment, and (c) accumulations to the board-designated endowment made in accordance with the direction of the Board of Trustees.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted or board-designated quasi-endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted or board-designated endowment fund;
- (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 policy of the Organization.

## Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

Changes in endowment net assets for the year ended June 30, 2018:

	<b>Unrestricted Board- Designated</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Endowment net assets, beginning of year	\$ 9,161,111	\$ -	\$ 1,210,122
Realized and unrealized investment income	295,103	43,107	13,520
Contributions	-	-	-
Appropriation of endowment assets for expenditures and other costs	<u>(227,341)</u>	<u>(43,107)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 9,228,873</u>	<u>\$ -</u>	<u>\$ 1,223,642</u>

Changes in endowment net assets for the year ended June 30, 2017:

	<b>Unrestricted Board- Designated</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Endowment net assets, beginning of year	\$ 8,901,509	\$ -	\$ 1,210,056
Realized and unrealized investment income	471,231	68,946	66
Contributions	-	-	-
Appropriation of endowment assets for expenditures and other costs	<u>(211,629)</u>	<u>(68,946)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 9,161,111</u>	<u>\$ -</u>	<u>\$ 1,210,122</u>

### Spending Policy, 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. Under this policy, as approved by the Investment Committee, the endowment assets are invested in a manner that is intended to provide, in priority order: 1) safety of principal, 2) liquidity for operating needs, 3) diversification of risk, and 4) maximization of yield.

# Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

June 30, 2018 and 2017

## Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy designed to provide a reasonable level of annual distributions to general operating funds and to provide for the long-term preservation of its endowment funds.

The investment strategy of the Organization is based on a disciplined, consistent and diversified approach utilizing multiple asset classes and multiple managers, as appropriate. The intent is to accommodate and consider diverse strategies deemed reasonable and prudent.

Invested assets are managed in a socially responsible manner with the goal of protecting principal while generating income appropriate to conservative investment strategy with strict fiscal principles.

## 13. Temporarily Restricted Net Assets/Net Assets Released from Restrictions

Temporarily restricted net assets are available for use in future periods to offset expenses and are available by program service and program as restricted by the respective donors as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Sundays at JASA	\$ 25,183	\$ 20,183
Client financial assistance	64,871	19,464
Elder abuse and legal assistance	212,302	131,115
Community health	91,326	118,167
Home delivered meals	206,000	254,687
Senior centers	59,440	227,749
Time restricted	1,087,500	-
Other	150,890	72,006
	<u>\$ 1,897,512</u>	<u>\$ 843,371</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time. The net assets released from restrictions for the years ended June 30, 2018 and 2017, by program service and program, were as follows:

	<u>2018</u>	<u>2017</u>
Sundays at JASA	\$ -	\$ 25,333
Client financial assistance	47,593	4,369
Elder abuse and legal assistance	176,313	218,449
Community health	169,341	275,265
Home delivered meals	91,296	145,319
Senior centers	3,700	170,039
Other	169,666	104,926
	<u>\$ 657,909</u>	<u>\$ 943,700</u>

## **Jewish Association for Services for the Aged and Affiliate**

---

Notes to Combined Financial Statements

June 30, 2018 and 2017

### **14. Collective Bargaining Agreement**

Substantially all of the Organization's non-management employees are covered by a collective bargaining agreement. The agreement with New York's Community and Social Agency Employees Union District Council 1707 was effective through June 30, 2018. Negotiations on the new contract have not yet begun.

### **15. Risks and Uncertainties**

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents, investments, due from governmental agencies, accounts receivable and pledges receivable. The Organization maintains its cash and cash equivalents in bank deposit accounts and money market accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Concentration of credit risk with respect to due from governmental agencies, accounts receivable and pledges receivable is limited due to the fact that the receivables are mainly derived from governmental agencies under separate contracts and that pledges receivable are mainly derived from established foundations and have short payment periods. Investments are exposed to various risks. The Organization historically reduces its exposure to these risks by placing a significant portion of its investments in money market accounts. However, due to the level of risk associated with certain of its other investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and that such changes could materially affect the combined financial statements.