HERBEIN
CPAS + CONSULTANTS

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service of the Lehigh Valley
Allentown, Pennsylvania

We have audited the accompanying financial statements of the Jewish Family Service of the Lehigh Valley, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses 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 the 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 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 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 in the first paragraph present fairly, in all material respects, the financial position of the Jewish Family Service of the Lehigh Valley as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2018, Jewish Family Service of the Lehigh Valley adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the Jewish Family Service of the Lehigh Valley as of June 30, 2018, were audited by other auditors whose report dated January 23, 2019, expressed an unmodified opinion on those statements.

Herbein + Company, Inc.

Reading, Pennsylvania
December 17, 2019

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF FINANCIAL POSITION

	June 30 2019	June 30 2018
ASSETS		
CURRENT ASSETS		
Cash	$ 212,999	$ 299,241
Accounts receivable	24,660	-
Prepaid expenses	4,897	-
Loans to individuals, less allowance for doubtful accounts ($11,719 for 2019 and $0 for 2018)	-	11,310
TOTAL CURRENT ASSETS	242,556	310,551
INVESTMENTS	3,251,508	3,044,938
LAND, BUILDING, AND EQUIPMENT		
Land	15,113	15,113
Building and improvements	459,883	469,274
Furniture and fixtures	29,700	75,199
Project in progress	13,424	-
	518,120	559,586
Less: accumulated depreciation	(311,863)	(345,287)
NET PROPERTY AND EQUIPMENT	206,257	214,299
TOTAL ASSETS	$ 3,700,321	$ 3,569,788
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 10,901	$ 5,740
Accrued expenses	32,808	34,841
TOTAL CURRENT LIABILITIES	43,709	40,581
NET ASSETS		
Without donor restrictions:		
Board designated - long-term investment	3,340,637	3,137,476
Undesignated	189,012	302,007
Total without donor restrictions	3,529,649	3,439,483
With donor restrictions:		
Time and purpose	76,963	39,724
Perpetuity	50,000	50,000
Total with donor restrictions	126,963	89,724
TOTAL NET ASSETS	3,656,612	3,529,207
TOTAL LIABILITIES AND NET ASSETS	$ 3,700,321	$ 3,569,788

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES						
Contributions	$ 330,494	$ 61,000	$ 391,494	$ 457,292	$ 39,724	$ 497,016
Jewish Federation of the Lehigh Valley grants	99,310	-	99,310	95,667	-	95,667
Casework and service fees	3,589	-	3,589	5,070	-	5,070
In-kind donations	122,901	-	122,901	107,424	-	107,424
Third-party fees	25,301	-	25,301	30,595	-	30,595
Special events	80,891	-	80,891	77,030	-	77,030
Investment return, net	196,360	-	196,360	228,475	-	228,475
Gain (loss) on disposal of equipment	(168)	-	(168)	-	-	-
Miscellaneous	45	-	45	11	-	11
Restrictions satisfied	23,761	(23,761)	-	5,000	(5,000)	-
TOTAL PUBLIC SUPPORT AND REVENUES	882,484	37,239	919,723	1,006,564	34,724	1,041,288
EXPENSES						
Program services	613,380	-	613,380	585,630	-	585,630
Supporting services:						
General and administrative	142,170	-	142,170	111,038	-	111,038
Fundraising	36,768	-	36,768	33,602	-	33,602
Total supporting services	178,938	-	178,938	144,640	-	144,640
TOTAL EXPENSES	792,318	-	792,318	730,270	-	730,270
CHANGE IN NET ASSETS	90,166	37,239	127,405	276,294	34,724	311,018
NET ASSETS AT BEGINNING OF YEAR	3,439,483	89,724	3,529,207	3,163,189	55,000	3,218,189
NET ASSETS AT END OF YEAR	$ 3,529,649	$ 126,963	$ 3,656,612	$ 3,439,483	$ 89,724	$ 3,529,207

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services					Supporting Services		
	Direct Assistance	Volunteer	Therapeutic Services	Client Education	Total Program Services	General and Administrative	Fundraising	Total
Salaries	$ 50,721	$ 28,999	$ 161,102	$ 41,618	$ 282,440	$ 62,328	$ 10,370	$ 355,138
Employee benefits	4,163	2,380	13,225	3,416	23,184	5,422	545	29,151
Payroll taxes	4,561	2,608	14,487	3,743	25,399	5,744	793	31,936
Total salaries and related expenses	59,445	33,987	188,814	48,777	331,023	73,494	11,708	416,225
Office expenses	4,882	2,791	15,505	4,006	27,184	6,997	-	34,181
Printing service	1,015	580	3,224	833	5,652	1,455	-	7,107
Staff recruitment	5	3	16	4	28	7	-	35
Professional fees	3,123	1,785	9,917	2,562	17,387	4,475	-	21,862
Occupancy expenses	2,012	1,151	6,391	1,651	11,205	2,884	-	14,089
Public relations	4,583	2,620	14,558	3,761	25,522	2,569	4,000	32,091
Staff transportation	411	235	1,306	338	2,290	589	-	2,879
Dues and fees	494	283	1,570	406	2,753	709	-	3,462
Conferences and training	366	209	1,164	301	2,040	525	-	2,565
Family and community services	25,375	14,507	80,595	20,821	141,298	36,369	-	177,667
Insurance	894	511	2,840	734	4,979	1,282	-	6,261
Repairs and maintenance	1,611	921	5,115	1,321	8,968	2,308	-	11,276
Special Events	-	-	-	-	-	-	21,060	21,060
Miscellaneous	2,354	1,346	7,475	1,931	13,106	3,373	-	16,479
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	106,570	60,929	338,490	87,446	593,435	137,036	36,768	767,239
Depreciation	3,582	2,048	11,376	2,939	19,945	5,134	-	25,079
TOTAL EXPENSES	$ 110,152	$ 62,977	$ 349,866	$ 90,385	$ 613,380	$ 142,170	$ 36,768	$ 792,318

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services					Supporting Services		
	Direct Assistance	Volunteer	Therapeutic Services	Client Education	Total Program Services	General and Administrative	Fundraising	Total
Salaries	$ 53,018	$ 29,943	$ 160,561	$ 42,984	$ 286,506	$ 48,790	$ 10,370	$ 345,666
Employee benefits	2,278	1,287	6,899	1,846	12,310	1,997	545	14,852
Payroll taxes	4,591	2,592	13,901	3,722	24,806	4,329	793	29,928
Total salaries and related expenses	59,887	33,822	181,361	48,552	323,622	55,116	11,708	390,446
Office expenses	3,978	2,246	12,047	3,225	21,496	4,439	-	25,935
Printing service	913	515	2,765	740	4,933	1,019	-	5,952
Professional fees	4,465	2,522	13,523	3,620	24,130	4,983	-	29,113
Occupancy expenses	2,591	1,463	7,846	2,101	14,001	2,891	-	16,892
Public relations	4,864	2,747	14,730	3,944	26,285	1,453	3,975	31,713
Staff transportation	388	220	1,176	315	2,099	433	-	2,532
Dues and fees	451	255	1,366	366	2,438	504	-	2,942
Conferences and training	503	284	1,522	407	2,716	561	-	3,277
Family and community services	20,437	11,684	64,912	16,769	113,802	29,292	-	143,094
Insurance	2,661	1,503	8,059	2,158	14,381	2,970	-	17,351
Repairs and maintenance	2,563	1,448	7,763	2,078	13,852	2,861	-	16,713
Special Events	-	-	-	-	-	-	17,919	17,919
Miscellaneous	408	231	1,236	331	2,206	455	-	2,661
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	104,109	58,940	318,306	84,606	565,961	106,977	33,602	706,540
Depreciation	3,640	2,056	11,022	2,951	19,669	4,061	-	23,730
TOTAL EXPENSES	$ 107,749	$ 60,996	$ 329,328	$ 87,557	$ 585,630	$ 111,038	$ 33,602	$ 730,270

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 127,405	$ 311,018
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loss on disposal of equipment	168	-
Depreciation	25,079	23,730
Net realized gains on investments	(87,141)	(37,180)
Net unrealized gains on investments	(33,954)	(137,247)
Changes in:		
Accounts receivable	(24,660)	11,849
Prepaid expenses	(4,897)	6,559
Loans to individuals	11,310	1,246
Accounts payable and accrued expenses	3,128	(487)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,438	179,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, building, and equipment	(17,205)	(15,017)
Proceeds from sale of investments	3,078,477	127,505
Purchase of investments	(3,163,952)	(70,817)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(102,680)	41,671
NET INCREASE (DECREASE) IN CASH	(86,242)	221,159
CASH AT BEGINNING OF YEAR	299,241	78,082
CASH AT END OF YEAR	$ 212,999	$ 299,241

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jewish Family Service of the Lehigh Valley (the Organization) is a nonprofit corporation whose mission is to help meet the needs of children, adults, and families of all ages and from all walks of life who are trying to cope with life stress. Assistance and support are provided through a wide range of high-quality counseling and support services. The Organization provides the following services and programs:

Direct Assistance - provides concrete resources to clients to develop and sustain linkages to community agencies for those in need, operates a food pantry, and assists people through referral and advocacy so that they can access needed resources from other community and government agencies.

Volunteer - implements programs and workshops on issues relevant to the community and to address special needs.

Therapeutic Services - provides individual, marital, parent/child, family, and group counseling for problems encountered at all stages of life.

The Lehigh Valley Jewish Foundation - Jewish Family Service Fund, a subsidiary of the Jewish Family Service of the Lehigh Valley, is also a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. The subsidiary is inactive and therefore not reflected in the financial statements. Both organizations are exempt from federal and state income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Cash

For purposes of reporting cash flows, the Organization considers all cash deposited in bank accounts and money related funds to be cash on the accompanying statement of financial position. This excludes cash held for long-term investments.

At various times during the year, the Organization had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

Accounts Receivable

Accounts receivable are stated at unpaid balances. The Organization provides for losses on accounts receivable using the direct write-off method. Receivables are considered impaired if full payment on invoices is not received. The Organization charges off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2019, was $11,719. There was no allowance for doubtful accounts at June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments
Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair market value in the statement of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Land, Building, and Equipment
Land, building, and equipment is capitalized at cost. Donations of land, building, and equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of $2,500 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building	40 years
Building improvements	7 to 40 years
Furniture and fixtures	5 to 10 years

Maintenance and repairs of land, building, and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of land, building, and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Project in progress is stated at cost and consists primarily of costs incurred for building improvement project. No provision for depreciation is made on project in progress until the assets are complete and placed into service.

Net Assets
The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

<u>Net Assets Without Donor Restrictions</u> - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

<u>Net Assets With Donor Restrictions</u> - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued
See Note 3 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Contribution Revenue
The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

Donated Services and Materials
Gifts of property and equipment are presented as support without donor restrictions 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 support with donor restrictions. 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 (as the assets are used in the Organization's activities).

Donated materials, furniture, fixtures, equipment, and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. The amount of such donated items was $122,901 and $107,424 in the years ended June 30, 2019 and 2018, respectively, and included donated food.

A substantial number of volunteers have donated significant hours to the Organization’s program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Functional Expenses
Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Organization’s estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

Reclassification
Certain amounts in the prior year financial statements have been reclassified for comparative purposes to confirm to the presentation of the current year financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Tax-Exempt Status

The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Adoption of FASB ASU No. 2016-14

The Organization adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, the previously existing three-category classification of net assets (i.e. unrestricted, temporarily restricted, and permanently restricted) is replaced with a model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” Differences in the nature of donor restrictions will be disclosed in the notes, with an emphasis on how and when the resources can be used. The guidance for classifying deficiencies in endowment funds (“underwater endowments”) and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been clarified. New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Note 6 discloses the extent to which the balance sheet comprises financial assets, the extent to which those assets can be converted to cash within one year, and any limitations that would preclude their current use. This standard is effective for fiscal years beginning after December 15, 2017. The Organization adopted this standard for the year ended June 30, 2019, with a retrospective application as of June 30, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, Jewish Family Service of the Lehigh Valley has evaluated events and transactions for potential recognition or disclosure through December 17, 2019, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	2019	2018
Money market funds	$ 103,141	$ 31,745
Mutual funds	556,569	165,153
Debt securities	50,000	50,000
Exchange traded funds	1,173,934	1,528,976
Investments held by the Jewish Federation of the Lehigh Valley	1,367,864	1,269,064
	$ 3,251,508	$ 3,044,938

Investment return is summarized as follows:

	2019	2018
Interest and dividends	$ 88,080	$ 70,858
Realized gain on investments	87,141	37,180
Net unrealized gain on investments	33,954	137,247
Investment fees	(12,815)	(16,810)
Total	$ 196,360	$ 228,475

Financial accounting standards require the use of fair value measurement. Jewish Family Service of the Lehigh Valley, in accordance with generally accepted accounting principles, has applied fair value measurement.

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 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market value.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Long-Term Investments
Custodians hold the investments of Jewish Family Service of the Lehigh Valley in accordance with the investment policy of the Organization. Amounts held are invested to diversify the funds to minimize the risk of large losses and preserve the capital. Investments are comprised of mutual funds, debt securities, and exchange traded funds for which fair value is based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investments Held by the Jewish Federation of the Lehigh Valley
Jewish Family Service of the Lehigh Valley has funds held by the Jewish Federation of the Lehigh Valley which are managed by a financial institution's trust department. The financial institution holds the investments in diversified and balanced portfolios consisting of cash and cash equivalents, corporate debt securities, equity securities, and mutual funds. These investments are valued by the trust managers based on the quoted market prices for shares held. If a quoted market price is not available, fair value is estimated using quoted or market prices for similar securities.

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

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The following tables set forth the Jewish Family Service of the Lehigh Valley's assets at fair value by level within the fair value hierarchy as of June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 556,569	$ -	$ -	$ 556,569
Debt securities	-	50,000	-	50,000
Exchange traded funds	1,173,934	-	-	1,173,934
Investments held by the Jewish Federation of the Lehigh Valley	-	-	1,367,864	1,367,864
Total	$ 1,730,503	$ 50,000	$ 1,367,864	$ 3,148,367

	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 165,153	$ -	$ -	$ 165,153
Debt securities	-	50,000	-	50,000
Exchange traded funds	1,528,976	-	-	1,528,976
Investments held by the Jewish Federation of the Lehigh Valley	-	-	1,269,064	1,269,064
Total	$ 1,694,129	$ 50,000	$ 1,269,064	$ 3,013,193

The following table sets forth a summary of changes of the Organization's Level 3 assets for the years ended June 30:

	2019	2018
Balance beginning of year	$ 1,269,064	$ 1,242,326
Interest and dividends	47,867	34,419
Contributions	12,800	-
Realized gains (losses)	(6,970)	16,849
Unrealized gains	52,883	43,733
Withdrawals	-	(60,000)
Fees	(7,780)	(8,263)
Balance at end of year	$ 1,367,864	$ 1,269,064

NOTE 3 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated funds and Board designated funds. From time to time, the Board may designate funds for specific purposes which would be included with net assets without donor restrictions. Board designated assets total $3,340,637 and $3,137,476 at June 30, 2019 and 2018, respectively. Of the board designated funds, $3,133,137 and $2,929,976 at June 30, 2019 and 2018, respectively, are held for long-term investment. The remaining $207,000 that is board designated at June 30, 2019 and 2018, is for future programs and projects as determined by the board.

Net assets with donor restrictions consist of the following at June 30:

	2019	2018
Time and purpose:		
Lecture series	$ 16,963	$ 17,557
Case management services	-	12,000
Food pantry	10,000	6,300
Human needs services	-	3,867
Disability fund	50,000	-
Subtotal time and purpose	76,963	39,724
Perpetuity:		
Endowment funds	50,000	50,000
Subtotal perpetuity	50,000	50,000
Total net assets with donor restrictions	$ 126,963	$ 89,724

Net assets were released from restrictions satisfying the restricted purposes specified by donors as follows at June 30:

	2019	2018
Lecture series	$ 1,594	$ -
Food pantry	6,300	-
Case management services	12,000	-
Human need services	3,867	-
Foundation grant - time restricted	-	5,000
	$ 23,761	$ 5,000

NOTE 4 - ENDOWMENT FUNDS

The Organization's endowment fund consists of one donor-restricted fund of which the original donation is to be held in perpetuity, with the income expendable by the Organization in accordance with donor instructions. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors of the Organization has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, in perpetuity (a) the original value of gift donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with the laws of the Commonwealth of Pennsylvania, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) donor restrictions, (2) the duration and preservation of the various funds, (3) the purposes of the donor-restricted endowment fund, (4) general economic conditions, (5) the possible effect of inflation and deflation, (6) the expected total return from income and the appreciation of investments, (7) other resources of the Organization, and (8) the Organization's investment policies.

Investment Objectives
The primary objective of the Organization is to attempt to provide a predictable stream of funding to activities supported by the endowment while seeking to maintain the original value of the gift donated. The policy establishes an achievable return objective. Actual returns in any given year may vary from the objective. The Organization follows the donor recommendation to maintain the funds in a specific mutual fund to achieve its objectives within moderate risk parameters.

Spending Policy
Since all endowment funds relate to one donor-restricted fund, the spending policy is based on a memorandum of understanding with that donor. The donor only restricted the original $50,000 gift amount and specified that all earnings, including interest, dividends, and capital appreciation, both realized and unrealized, are to be spent to further the mission of the organization annually.

Underwater Endowment Funds
The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument. The Organization has no underwater endowment funds at June 30, 2019 or 2018.

NOTE 4 - ENDOWMENT FUNDS - CONTINUED

Underwater Endowment Funds - continued
Changes in endowment net assets with donor restrictions for the years ended June 30, 2019 and 2018, are as follows:

	2019	2018
Endowment net assets, beginning of year	$ 50,000	$ 50,000
Investment return:		
Interest and dividends, net	8,374	2,901
Net realized and unrealized gains	(4,964)	4,397
Total investment return	3,410	7,298
Distributions of funds	(3,410)	(7,298)
Endowment net assets, end of year	$ 50,000	$ 50,000

NOTE 5 - DEFINED CONTRIBUTION PLAN

The Organization currently has one IRC 403(b) Qualified Employee Pension Plan with two separate contracts. One contract is an Employee Contribution Tax Deferred Annuity Plan [TDA], funded solely by employee elective deferrals and without any employer contributions. The other is an Employer Funded Defined Contribution Plan [DCP] without any employee elective deferrals. For the year ended June 30, 2019, the Organization contributed 5% of the salaries to the DCP for all employees expected to work more than 1,000 hours per year in accordance with the Plan Document. The retirement plan contributions for the years ended June 30, 2019 and 2018 totaled $7,706 and $6,911 respectively. Additionally, the Organization made additional catch-up contributions totaling $20,549 in the year ended June 30, 2019.

NOTE 6 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use within one year because of board designated or donor-imposed restrictions and financial liabilities due within one year. The Organization's financial assets include cash, receivables, and investments. The Organization has limitations on those assets consisting of board designated and donor restricted funds.

	2019	2018
Cash	$ 212,999	$ 299,241
Accounts receivable	24,660	-
Loans to individuals	-	11,310
Investments	3,251,508	3,044,938
Total financial assets	3,489,167	3,355,489
Less: amounts unavailable for general expenses within one year due to:		
Donor restricted for time and purpose restrictions	(76,963)	(39,724)
Perpetuity, donor-restricted	(50,000)	(50,000)
Board designated	(3,340,637)	(3,137,476)
Financial assets available to meet cash needs for general expenses within one year	$ 21,567	$ 128,289

At June 30, 2019 and 2018, the Organization has board designated amounts totaling $3,340,637 and $3,137,476, respectively. With board approval, these amounts could be used to meet cash needs, if necessary.

NOTE 7 - NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year, making it effective for fiscal years beginning after December 15, 2018. The Organization is evaluating the impact of this standard on the financial statements.

NOTE 7 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. In July 2019, the FASB deferred the effective date of ASU No. 2016-02 one year, making it effective for fiscal years beginning after December 15, 2020. The Organization is evaluating the impact this standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 clarifies that benefits received by the general public is not the same as the resource provider receiving that benefit and that the execution of the resource provider's mission does not equate to commensurate value. The ASU also provides guidance for distinguishing between conditional and unconditional contributions. A conditional contribution must have (1) a barrier that must be overcome AND (2) a right of return or release of the donor obligation. Conditional contributions received are accounted for as a liability, while conditional pledges are unrecognized. In each instance, when the barriers to entitlement are overcome, the related revenue is recognized and classified in the appropriate net asset class. The effective date is for fiscal years beginning after December 15, 2018, with early implementation permitted. The Organization is evaluating the impact of this standard on the financial statements.