

Jewish Senior Services of
Toledo, Inc.
and
Supporting Organization

Years Ended
June 30,
2018 and 2017

Combined
Financial
Statements
and
Supplementary
Information

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

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INDEPENDENT AUDITORS' REPORT

January 31, 2019

Board of Directors
Jewish Senior Services of Toledo, Inc.
and Supporting Organization
Sylvania, Ohio

We have audited the accompanying combined financial statements of **Jewish Senior Services of Toledo, Inc. and Supporting Organization** (collectively, the "Organization") a nonprofit 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 these 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Independent 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 audit 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 auditor 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 Senior Services of Toledo, Inc. and Supporting Organization** as of June 30, 2018 and 2017, and the combined 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.

A handwritten signature in black ink that reads "Lehmann Lobman LLC". The signature is written in a cursive style with a large, stylized 'L' at the beginning.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF FINANCIAL POSITION

	ASSETS	
	June 30	
	2018	2017
Current assets		
Cash	\$ 168,961	\$ 183,485
Accounts receivable - related party	64,186	-
Total current assets	233,147	183,485
Investments	12,393,454	12,154,582
Beneficial interest in perpetual trust	844,131	820,468
Total assets	<u>\$ 13,470,732</u>	<u>\$ 13,158,535</u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable - related party	\$ 20,902	\$ 26,345
Net assets		
Unrestricted	12,605,699	12,311,722
Permanently restricted	844,131	820,468
Total net assets	<u>13,449,830</u>	<u>13,132,190</u>
Total liabilities and net assets	<u>\$ 13,470,732</u>	<u>\$ 13,158,535</u>

The accompanying notes are an integral part of these combined financial statements.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Revenues, gains and support						
Dividends and interest	\$ 482,955	\$ -	\$ 482,955	\$ 380,322	\$ -	\$ 380,322
Investment income	39,040	-	39,040	42,219	-	42,219
Change in value of beneficial interest in perpetual trust	-	23,663	23,663	-	53,068	53,068
Net realized and unrealized gains on investments	401,956	-	401,956	1,004,029	-	1,004,029
Miscellaneous income	63	-	63	7,905	-	7,905
Total revenues, gains and support	924,014	23,663	947,677	1,434,475	53,068	1,487,543
Expenses						
Program services - grants	557,499	-	557,499	584,763	-	584,763
Management and general	72,538	-	72,538	71,923	-	71,923
Total expenses	630,037	-	630,037	656,686	-	656,686
Changes in net assets	293,977	23,663	317,640	777,789	53,068	830,857
Net assets, beginning of year	12,311,722	820,468	13,132,190	11,533,933	767,400	12,301,333
Net assets, end of year	\$ 12,605,699	\$ 844,131	\$ 13,449,830	\$ 12,311,722	\$ 820,468	\$ 13,132,190

The accompanying notes are an integral part of these combined financial statements.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Program Services-Grants	Management and General	Total	Program Services-Grants	Management and General	Total
Grants to related parties	\$ 557,499	\$ -	\$ 557,499	\$ 584,763	\$ -	\$ 584,763
Investment fees	-	13,957	13,957	-	13,356	13,356
Legal and accounting	-	55,530	55,530	-	55,519	55,519
Insurance	-	3,051	3,051	-	3,048	3,048
Total functional expenses	\$ 557,499	\$ 72,538	\$ 630,037	\$ 584,763	\$ 71,923	\$ 656,686

The accompanying notes are an integral part of these combined financial statements.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 317,640	\$ 830,857
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Net realized and unrealized gains on investments	(401,956)	(1,004,029)
Change in value of beneficial interest in perpetual trust	(23,663)	(53,068)
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable - related party	(64,186)	60,984
Accounts payable - related party	(5,443)	26,345
Net cash used in operating activities	(177,608)	(138,911)
Cash flows from investing activities		
Proceeds from sales of investments	7,297,025	1,187,153
Purchases of investments	(7,133,941)	(973,699)
Net cash provided by investing activities	163,084	213,454
Net (decrease) increase in cash	(14,524)	74,543
Cash, beginning of year	183,485	108,942
Cash, end of year	\$ 168,961	\$ 183,485

The accompanying notes are an integral part of these combined financial statements.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The combined financial statements include the accounts of Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization (collectively, the "Organization"). These entities have been combined since they are under common control and both have been established to serve cultural, emotional, physical, social and religious needs of principally older Jewish adults, residing in Northwest Ohio and Southeast Michigan in coordination and cooperation with Jewish Federation of Greater Toledo and other service providers, in accordance with the precepts of Judaism.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Organization reports information regarding its financial position and activities according to three classes of net assets:

Net assets are grouped based on categories of restrictions on the uses of funds donated.

Unrestricted: Unrestricted net assets are not restricted by donors, or donor-imposed restrictions have expired.

Temporarily Restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit spending as specified. The restrictions are satisfied by the passage of time, the actions of the Organization or both. As of June 30, 2018 and 2017, the Organization does not have any temporarily restricted net assets.

Permanently Restricted: Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Use of Estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the year. Accordingly, actual results could differ from those estimates.

Cash

The Organization maintains its deposits in one financial institution, which at times may exceed federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For further discussion on fair value measurements, refer to Note 2 of the combined financial statements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statements of financial position. Donated investments are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are included in the combined statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined statements of financial position.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Functional Allocation of Expenses

Expenses incurred are allocated to functional classifications by management. Expenses directly related to each function are charged to the appropriate functional classification.

Income Taxes

Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. They are also exempt from state and local income taxes under the laws of the State of Ohio for nonprofit organizations. Accordingly, no provision for federal, state or local income taxes has been recorded in the accompanying combined financial statements.

The federal tax returns of Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization for years 2015 through 2018 are subject to examination by the Internal Revenue Service, which is generally for three years after they were filed. The Organization has evaluated any uncertain tax positions which would impact its nontaxable status and believe there are no uncertain income tax positions of significance that are required to be recorded or disclosed in these combined financial statements.

Subsequent Events

In preparing these combined financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2018, the most recent combined statement of financial position presented herein, through January 31, 2019, the date these combined financial statements were available to be issued. No significant such events or transactions were identified.

Upcoming Accounting Pronouncements

In August 2016, The Financial Accounting Standards Board issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which will be effective for the Organization's annual financial statements for the year ending June 30, 2019. This ASU 1) reduces the number of net asset classes presented from three to two; (2) modifies the presentation of underwater endowment funds and related disclosures; (3) requires enhanced disclosures concerning board designated net assets; (4) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (5) requires the presentation of investment return net of external and direct internal investment expenses. Management has evaluated the provisions of ASU 2016-14 and has determined that the presentation of the financial statements will need to be modified as required by the ASU.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. For financial assets recorded at fair value, the description includes an indication of the level of the fair value hierarchy in which the assets are classified.

The fair values of mutual funds are based on quoted prices in active markets and are classified as Level 1.

The Organization classifies the beneficial interest in perpetual trust as Level 3 in the fair value hierarchy. The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active market are available for this asset. As a practical expedient, the carrying value of this asset is deemed equal to the Organization's proportionate share of the fair value of the total investments held in the trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods 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.

Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2018	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed	\$ 3,729,637	\$ -	\$ -	\$ 3,729,637
International	3,577,364	-	-	3,577,364
Large-cap	<u>5,086,453</u>	-	-	<u>5,086,453</u>
Total investments	12,393,454	-	-	12,393,454
Beneficial interest in perpetual trust	-	-	<u>844,131</u>	<u>844,131</u>
Total assets at fair value	<u>\$ 12,393,454</u>	<u>\$ -</u>	<u>\$ 844,131</u>	<u>\$ 13,237,585</u>

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

NOTES TO COMBINED FINANCIAL STATEMENTS

2017	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed	\$ 2,797,302	\$ -	\$ -	\$ 2,797,302
International	2,373,173	-	-	2,373,173
Large-cap	4,954,707	-	-	4,954,707
Mid-cap	869,682	-	-	869,682
Real estate	<u>1,159,718</u>	<u>-</u>	<u>-</u>	<u>1,159,718</u>
Total investments	12,154,582	-	-	12,154,582
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>820,468</u>	<u>820,468</u>
Total assets at fair value	<u>\$ 12,154,582</u>	<u>\$ -</u>	<u>\$ 820,468</u>	<u>\$ 12,975,050</u>

The table below provides a summary of changes in the Organization's Level 3 assets, for the years ended June 30, 2018 and 2017.

	Beneficial Interest in Perpetual Trust	
	2018	2017
Balance at beginning of year	\$ 820,468	\$ 767,400
Investment income distributed to the Organization	(39,040)	(42,219)
Net realized and unrealized gains	<u>62,703</u>	<u>95,287</u>
Balance at June 30	<u>\$ 844,131</u>	<u>\$ 820,468</u>

3. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is one of the beneficiaries of a split interest agreement. These funds are permanently restricted by the donor and the Organization is entitled to 10% of the income generated from this trust in perpetuity. Since the trust is irrevocable, the Organization has recorded 10% of the fair value of the trust's assets, as a beneficial interest in perpetual trust and a permanently restricted net asset. The Organization recognized investment income from the trust in the amount of \$39,040 in 2018 and \$42,219 in 2017.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

■ NOTES TO COMBINED FINANCIAL STATEMENTS

■ 4. RELATED PARTY TRANSACTIONS

The Organization paid Jewish Federation of Greater Toledo (“JFGT”) bookkeeping fees of \$48,950 in 2018 and \$48,221 in 2017 which are included within legal and accounting expense on the combined statements of functional expenses.

The Organization paid Jewish Family Services of Toledo, Ohio, Inc. (“JFS”) grant allocations amounting to \$532,499 in 2018 and \$523,238 in 2017. The Organization also paid Toledo Jewish Community Cemetery Association (TJCCA) grant allocations amounting to \$25,000 and \$50,000 in 2018 and 2017, respectively. In 2017, the Organization also paid JFS \$11,525 for various programs. The Organization had a payable of \$20,902 and \$26,345 to JFS and TJCCA at June 30, 2018 and 2017, respectively, due to under allocation of grants.

The Jewish Senior Services Supporting Organization Board has approved approximately \$629,000 in allocations to JFS and \$50,000 to TJCCA to be paid during the year ending June 30, 2019.

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SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

January 31, 2019

Board of Directors
Jewish Senior Services of Toledo, Inc.
and Supporting Organization
Sylvania, Ohio

We have audited the combined financial statements of **Jewish Senior Services of Toledo, Inc. and Supporting Organization** as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated January 31, 2019, which expressed an unmodified opinion on those combined financial statements. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information, as listed in the table of contents, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINING STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30, 2018			June 30, 2017		
	Jewish Senior Services	Supporting Organization	Combined Total	Jewish Senior Services	Supporting Organization	Combined Total
Current assets						
Cash	\$ 61,190	\$ 107,771	\$ 168,961	\$ 53,595	\$ 129,890	\$ 183,485
Accounts receivable - related party	-	64,186	64,186	-	-	-
Total current assets	61,190	171,957	233,147	53,595	129,890	183,485
Investments	-	12,393,454	12,393,454	-	12,154,582	12,154,582
Beneficial interest in perpetual trust	844,131	-	844,131	820,468	-	820,468
Total assets	\$ 905,321	\$ 12,565,411	\$ 13,470,732	\$ 874,063	\$ 12,284,472	\$ 13,158,535
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable - related party	\$ 2,083	\$ 18,819	\$ 20,902	\$ -	\$ 26,345	\$ 26,345
Net assets						
Unrestricted	59,107	12,546,592	12,605,699	53,595	12,258,127	12,311,722
Permanently restricted	844,131	-	844,131	820,468	-	820,468
Total net assets	903,238	12,546,592	13,449,830	874,063	12,258,127	13,132,190
Total liabilities and net assets	\$ 905,321	\$ 12,565,411	\$ 13,470,732	\$ 874,063	\$ 12,284,472	\$ 13,158,535

See independent auditors' report on supplementary information.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINING STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Jewish Senior Services	Supporting Organization	Combined Total	Jewish Senior Services	Supporting Organization	Combined Total
Unrestricted net assets						
Revenues, gains and support						
Dividends and interest	\$ -	\$ 482,955	\$ 482,955	\$ 68	\$ 380,254	\$ 380,322
Investment income	39,040	-	39,040	42,219	-	42,219
Net realized and unrealized gains on investments	-	401,956	401,956	-	1,004,029	1,004,029
Miscellaneous income	63	-	63	7,905	-	7,905
Total revenues, gains and support	39,103	884,911	924,014	50,192	1,384,283	1,434,475
Expenses						
Program services - grants	25,000	532,499	557,499	36,525	548,238	584,763
Management and general	8,591	63,947	72,538	9,516	62,407	71,923
Total expenses	33,591	596,446	630,037	46,041	610,645	656,686
Changes in unrestricted net assets	5,512	288,465	293,977	4,151	773,638	777,789
Permanently restricted net assets						
Change in value of beneficial interest in perpetual trust	23,663	-	23,663	53,068	-	53,068
Changes in net assets	29,175	288,465	317,640	57,219	773,638	830,857
Net assets, beginning of year	874,063	12,258,127	13,132,190	816,844	11,484,489	12,301,333
Net assets, end of the year	\$ 903,238	\$ 12,546,592	\$ 13,449,830	\$ 874,063	\$ 12,258,127	\$ 13,132,190

See independent auditors' report on supplementary information.