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JEWISH VOCATIONAL SERVICE, INC.

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

JEWISH VOCATIONAL SERVICE, INC.

Contents
September 30, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors of
Jewish Vocational Service, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Vocational Service, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 above present fairly, in all material respects, the financial position of Jewish Vocational Service, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Brown, Pinning & Co., P.C.

Boston, Massachusetts
February 27, 2019

JEWISH VOCATIONAL SERVICE, INC.

Statements of Financial Position
September 30, 2018 and 2017

Assets	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets:								
Cash and cash equivalents	\$ 2,754,673	\$ 1,263,161	\$ -	\$ 4,017,834	\$ 2,920,399	\$ 1,315,860	\$ -	\$ 4,236,259
Cash - restricted	45,500	17,721	-	63,221	45,500	17,680	-	63,180
Short-term investments	-	2,495,350	-	2,495,350	-	997,915	-	997,915
Allocations receivable from CJP	-	1,125,700	-	1,125,700	-	938,100	-	938,100
Federal, state and other program receivables, net	1,451,161	-	-	1,451,161	1,476,829	-	-	1,476,829
Current portion of pledges receivable	-	420,800	-	420,800	-	14,654	-	14,654
Current portion of notes receivable	-	14,519	-	14,519	-	13,221	-	13,221
Prepaid expenses and other current assets	94,428	-	-	94,428	65,419	-	-	65,419
Total current assets	4,345,762	5,337,251	-	9,683,013	4,508,147	3,297,430	-	7,805,577
Investments	1,099,627	599,435	16,534	1,715,596	1,049,314	2,102,978	16,534	3,168,826
Pledges Receivable, net of discount and current portion	-	254,150	-	254,150	-	-	-	-
Notes Receivable, net	17,316	27,598	-	44,914	6,152	28,896	-	35,048
Investments - Restricted	402,853	-	-	402,853	422,423	-	-	422,423
Deposits	136,100	-	-	136,100	135,000	-	-	135,000
Property and Equipment, net	1,103,453	-	-	1,103,453	1,179,703	-	-	1,179,703
Total assets	<u>\$ 7,105,111</u>	<u>\$ 6,218,434</u>	<u>\$ 16,534</u>	<u>\$ 13,340,079</u>	<u>\$ 7,300,739</u>	<u>\$ 5,429,304</u>	<u>\$ 16,534</u>	<u>\$ 12,746,577</u>
Liabilities and Net Assets								
Current Liabilities:								
Current portion of capital lease obligation	\$ 261,266	\$ -	\$ -	\$ 261,266	\$ 252,646	\$ -	\$ -	\$ 252,646
Current portion of due to CJP	18,600	-	-	18,600	17,520	-	-	17,520
Current portion of deferred revenue	882,805	-	-	882,805	920,739	-	-	920,739
Current portion of deferred rent	158,463	-	-	158,463	158,463	-	-	158,463
Accounts payable	192,467	-	-	192,467	260,666	-	-	260,666
Accrued expenses and other	632,364	-	-	632,364	594,482	-	-	594,482
Other liabilities	45,500	-	-	45,500	45,500	-	-	45,500
Total current liabilities	2,191,465	-	-	2,191,465	2,250,016	-	-	2,250,016
Capital Lease Obligation, net of current portion	247,319	-	-	247,319	508,584	-	-	508,584
Due to CJP, net of current portion	144,497	-	-	144,497	161,012	-	-	161,012
Deferred Revenue, net of current portion	136,131	-	-	136,131	159,302	-	-	159,302
Deferred Rent, net of current portion	1,180,308	-	-	1,180,308	1,338,771	-	-	1,338,771
Deferred Compensation	402,853	-	-	402,853	422,423	-	-	422,423
Total liabilities	4,302,573	-	-	4,302,573	4,840,108	-	-	4,840,108
Net Assets:								
Unrestricted:								
Operating	2,207,670	-	-	2,207,670	2,042,158	-	-	2,042,158
Property and equipment	594,868	-	-	594,868	418,473	-	-	418,473
Total unrestricted	2,802,538	-	-	2,802,538	2,460,631	-	-	2,460,631
Temporarily restricted	-	6,218,434	-	6,218,434	-	5,429,304	-	5,429,304
Permanently restricted	-	-	16,534	16,534	-	-	16,534	16,534
Total net assets	2,802,538	6,218,434	16,534	9,037,506	2,460,631	5,429,304	16,534	7,906,469
Total liabilities and net assets	<u>\$ 7,105,111</u>	<u>\$ 6,218,434</u>	<u>\$ 16,534</u>	<u>\$ 13,340,079</u>	<u>\$ 7,300,739</u>	<u>\$ 5,429,304</u>	<u>\$ 16,534</u>	<u>\$ 12,746,577</u>

The accompanying notes are an integral part of these statements.

JEWISH VOCATIONAL SERVICE, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support:								
Federal and state contracts	\$ 8,842,618	\$ -	\$ -	\$ 8,842,618	\$ 7,883,655	\$ -	\$ -	\$ 7,883,655
Grants and contributions	2,447,321	1,567,690	-	4,015,011	2,169,118	812,003	-	2,981,121
Program revenue	1,988,179	-	-	1,988,179	2,066,395	-	-	2,066,395
Allocations from CJP	50,400	1,125,700	-	1,176,100	-	938,100	-	938,100
Other revenue	74,370	-	-	74,370	28,204	-	-	28,204
In-kind contributions	51,510	-	-	51,510	91,824	-	-	91,824
Investment return designated for scholarships	-	29,954	-	29,954	-	30,093	-	30,093
Net assets released from restrictions - time	952,754	(952,754)	-	-	918,100	(918,100)	-	-
Net assets released from restrictions - purpose	981,059	(981,059)	-	-	1,125,768	(1,125,768)	-	-
Total operating revenue and support	15,388,211	789,531	-	16,177,742	14,283,064	(263,672)	-	14,019,392
Operating Expenses:								
Program services	11,820,768	-	-	11,820,768	11,062,478	-	-	11,062,478
Administration	2,274,036	-	-	2,274,036	2,152,607	-	-	2,152,607
Development	1,001,813	-	-	1,001,813	957,844	-	-	957,844
Total operating expenses	15,096,617	-	-	15,096,617	14,172,929	-	-	14,172,929
Changes in net assets from operations	291,594	789,531	-	1,081,125	110,135	(263,672)	-	(153,537)
Non-Operating Revenues (Expenses):								
Investment return, net	50,313	29,553	-	79,866	94,318	57,899	-	152,217
Investment return designated for scholarships	-	(29,954)	-	(29,954)	-	(30,093)	-	(30,093)
Total non-operating revenues (expenses)	50,313	(401)	-	49,912	94,318	27,806	-	122,124
Changes in net assets	341,907	789,130	-	1,131,037	204,453	(235,866)	-	(31,413)
Net Assets:								
Beginning of year	2,460,631	5,429,304	16,534	7,906,469	2,256,178	5,665,170	16,534	7,937,882
End of year	\$ 2,802,538	\$ 6,218,434	\$ 16,534	\$ 9,037,506	\$ 2,460,631	\$ 5,429,304	\$ 16,534	\$ 7,906,469

JEWISH VOCATIONAL SERVICE, INC.Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,131,037	\$ (31,413)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	176,304	165,193
Investment return, net	(79,866)	(152,217)
Changes in operating assets and liabilities:		
Cash - restricted	(41)	(32)
Allocations receivable from CJP	(187,600)	(20,000)
Federal, state and other program receivables, net	25,668	920,032
Pledges receivable	(660,296)	1,255,930
Prepaid expenses and other current assets	(29,009)	101,218
Deferred revenue	(61,105)	804,714
Deferred rent	(158,463)	104,992
Accounts payable	(68,199)	485
Accrued expenses and other	37,882	147,954
Other liabilities	-	175
	<u>126,312</u>	<u>3,297,031</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities:		
Increase in deposits	(1,100)	-
Acquisition of property and equipment	(100,054)	(6,464)
Purchase of investments	(1,000,000)	(2,501,057)
Proceeds from the sale of investments	1,035,661	30,093
Decrease (increase) in notes receivable	(11,164)	5,981
	<u>(76,657)</u>	<u>(2,471,447)</u>
Net cash used in investing activities		
Cash Flows from Financing Activities:		
Due to CJP	(15,435)	(14,539)
Payments on capital lease obligation	(252,645)	(244,309)
	<u>(268,080)</u>	<u>(258,848)</u>
Net cash used in financing activities		
Net Change in Cash and Cash Equivalents	<u>(218,425)</u>	<u>566,736</u>
Cash and Cash Equivalents:		
Beginning of year	<u>4,236,259</u>	<u>3,669,523</u>
End of year	<u>\$ 4,017,834</u>	<u>\$ 4,236,259</u>
Supplemental Disclosure of Cash Transactions:		
Cash paid for interest	<u>\$ 21,710</u>	<u>\$ 30,047</u>

JEWISH VOCATIONAL SERVICE, INC.

Statement of Functional Expenses
 For the Year Ended September 30, 2018
 (With Summarized Comparative Totals for the Year Ended September 30, 2017)

	2018												2017	
	Program Services									Total Program Services	Adminis- tration	Development	Total	Total
	Career Center Services	Career Pathway	English for Advancement	Business Services	Education	Refugee Employment	Bridges to College	Disability Services	Special Initiatives	Total Program Services	Adminis- tration	Development	Total	Total
Personnel:														
Salaries and wages	\$ 1,405,293	\$ 1,211,467	\$ 927,359	\$ 961,519	\$ 611,024	\$ 669,389	\$ 509,035	\$ 527,572	\$ 14,049	\$ 6,836,707	\$ 772,576	\$ 583,791	\$ 8,193,074	\$ 7,895,519
Payroll taxes and fringe benefits	342,060	299,625	225,101	236,590	148,192	164,280	122,253	128,921	3,266	1,670,288	240,207	144,474	2,054,969	1,803,154
Total personnel	1,747,353	1,511,092	1,152,460	1,198,109	759,216	833,669	631,288	656,493	17,315	8,506,995	1,012,783	728,265	10,248,043	9,698,673
Occupancy	541,063	308,224	29,441	32,028	307,604	206,739	188,543	54,893	-	1,668,535	139,478	50,860	1,858,873	1,765,086
Operational:														
Professional fees	13,261	197,917	332,315	10,794	7,387	197	8,329	862	-	571,062	824,980	87,757	1,483,799	1,211,784
Scholarships	-	-	-	-	-	-	-	-	296,863	296,863	-	-	296,863	220,060
Client costs	12,260	206,214	29	-	515	11,816	3,941	294	-	235,069	16,634	-	251,703	211,949
Equipment	28,614	23,867	11,198	25,031	12,071	14,591	20,960	4,178	92	140,602	37,472	9,930	188,004	247,954
Depreciation	27,849	26,739	24,789	28,967	14,483	13,926	11,141	10,028	-	157,922	11,475	6,907	176,304	165,193
Miscellaneous	7,447	1,193	6,150	7,091	2,307	870	6,441	2,815	-	34,314	109,074	6,547	149,935	101,299
Supplies	18,647	10,078	2,863	23,648	10,526	2,671	4,723	1,676	724	75,556	20,781	25,354	121,691	123,444
Fundraising	-	-	-	-	-	-	-	-	-	-	-	75,214	75,214	142,354
Meetings and staff development	8,185	2,068	2,621	7,027	1,470	1,164	1,876	2,595	1,138	28,144	41,951	2,427	72,522	68,485
Communication	9,315	9,495	7,973	12,954	6,099	4,483	3,785	3,228	-	57,332	7,728	2,226	67,286	54,300
Insurance	4,044	4,008	3,599	4,205	2,103	2,021	1,618	1,691	-	23,289	10,064	1,003	34,356	35,426
Interest	-	-	-	-	-	-	-	-	-	-	32,927	-	32,927	42,160
Advertising and publicity	5,182	3,154	9,364	2,111	444	1,200	477	60	-	21,992	2,224	1,484	25,700	67,992
Bank fees	1,657	1,016	-	358	-	-	-	-	62	3,093	6,465	3,839	13,397	16,770
Total operational	136,461	485,749	400,901	122,186	57,405	52,939	63,291	27,427	298,879	1,645,238	1,121,775	222,688	2,989,701	2,709,170
Total expenses	\$ 2,424,877	\$ 2,305,065	\$ 1,582,802	\$ 1,352,323	\$ 1,124,225	\$ 1,093,347	\$ 883,122	\$ 738,813	\$ 316,194	\$ 11,820,768	\$ 2,274,036	\$ 1,001,813	\$ 15,096,617	\$ 14,172,929

JEWISH VOCATIONAL SERVICE, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2017

	Program Services										Adminis- tration	Development	Total
	Career Center Services	Career Pathway	English for Advancement	Business Services	Education	Refugee Employment	Bridges to College	Disability Services	Special Initiatives	Total Program Services			
Personnel:													
Salaries and wages	\$ 1,381,596	\$ 1,146,282	\$ 680,991	\$ 907,618	\$ 576,406	\$ 664,801	\$ 530,840	\$ 514,778	\$ 20,270	\$ 6,423,582	\$ 944,725	\$ 527,212	\$ 7,895,519
Payroll taxes and fringe benefits	314,234	257,544	148,725	154,763	130,289	204,972	119,468	116,024	3,698	1,449,717	233,876	119,561	1,803,154
Total personnel	<u>1,695,830</u>	<u>1,403,826</u>	<u>829,716</u>	<u>1,062,381</u>	<u>706,695</u>	<u>869,773</u>	<u>650,308</u>	<u>630,802</u>	<u>23,968</u>	<u>7,873,299</u>	<u>1,178,601</u>	<u>646,773</u>	<u>9,698,673</u>
Occupancy	<u>598,916</u>	<u>331,577</u>	<u>2,521</u>	<u>22,390</u>	<u>276,960</u>	<u>221,124</u>	<u>173,953</u>	<u>49,847</u>	<u>-</u>	<u>1,677,288</u>	<u>79,136</u>	<u>8,662</u>	<u>1,765,086</u>
Operational:													
Professional fees	10,732	147,207	245,710	28,018	19,426	44,127	53,715	253	130	549,318	585,786	76,680	1,211,784
Scholarships	-	-	-	-	-	-	-	-	220,060	220,060	-	-	220,060
Client costs	9,015	173,831	300	135	290	18,764	9,037	577	-	211,949	-	-	211,949
Equipment	35,909	19,047	5,506	7,367	13,588	13,637	24,465	5,791	74	125,384	99,716	22,854	247,954
Depreciation	29,139	29,224	23,399	6,287	12,769	20,814	11,728	11,200	-	144,560	12,968	7,665	165,193
Miscellaneous	5,275	1,046	7,882	5,729	1,046	1,605	2,287	5,505	-	30,375	60,129	10,795	101,299
Supplies	10,703	11,793	7,022	24,702	12,219	3,691	5,762	2,432	768	79,092	19,446	24,906	123,444
Fundraising	-	-	-	-	-	-	-	-	-	-	-	142,354	142,354
Meetings and staff development	3,199	1,664	1,953	7,014	1,168	687	1,942	1,905	-	19,532	47,483	1,470	68,485
Communication	6,816	8,366	4,878	11,472	4,843	3,029	3,194	2,710	-	45,308	7,139	1,853	54,300
Insurance	4,704	4,716	2,429	4,792	2,062	931	1,894	2,044	-	23,572	10,617	1,237	35,426
Interest	-	-	-	-	-	-	-	-	-	-	42,160	-	42,160
Advertising and publicity	6,848	5,483	38,251	4,861	1,688	-	1,493	929	-	59,553	622	7,817	67,992
Bank fees	1,454	1,633	-	101	-	-	-	-	-	3,188	8,804	4,778	16,770
Total operational	<u>123,794</u>	<u>404,010</u>	<u>337,330</u>	<u>100,478</u>	<u>69,099</u>	<u>107,285</u>	<u>115,517</u>	<u>33,346</u>	<u>221,032</u>	<u>1,511,891</u>	<u>894,870</u>	<u>302,409</u>	<u>2,709,170</u>
Total expenses	<u>\$ 2,418,540</u>	<u>\$ 2,139,413</u>	<u>\$ 1,169,567</u>	<u>\$ 1,185,249</u>	<u>\$ 1,052,754</u>	<u>\$ 1,198,182</u>	<u>\$ 939,778</u>	<u>\$ 713,995</u>	<u>\$ 245,000</u>	<u>\$ 11,062,478</u>	<u>\$ 2,152,607</u>	<u>\$ 957,844</u>	<u>\$ 14,172,929</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS AND NONPROFIT STATUS

Jewish Vocational Service, Inc. (JVS) is a Massachusetts nonprofit organization and a beneficiary agency of the Combined Jewish Philanthropies of Greater Boston, Inc. (CJP). Established in 1938, JVS provides extensive educational, skills training, financial coaching, career counseling, and job placement services to refugees and immigrants, individuals with disabilities, entry-level workers, low-income individuals, and professional job seekers. JVS also operates a one-stop career center, "JVS CareerSolution", which was rebranded as "MassHire Downtown Boston Career Center" in September 2019. These services are provided throughout the greater Boston area. JVS's support and revenue is derived principally from contracts with Federal, state and local government agencies, contributions from foundations and private donors, and contributions from CJP.

JVS has a "Pay for Success" program. The Massachusetts Adult Basic Education Initiative, a project of JVS in partnership with Social Finance (a not for profit organization), is designed to serve nearly 2,500 adult learners from Greater Boston, where large concentrations of immigrants and long waitlists for English language instruction are significant barriers to employment. The program combines vocational training, contextualized English for Speakers of Other Languages instruction, college readiness, and employment assistance. Potential measurable outcomes include increased earnings, improved employment, and post-secondary enrollment.

JVS operates the following programs:

Career Center Services – Career Center Services provides high quality, customized employment and career services to job seekers, career changers, and employers. Services include workshops and seminars, 1:1 job search and career coaching, and screening for education and training programs. Additionally, JVS provides credentialed career counseling services that are expert, affordable and linked with a major workforce development organization. Career Center Services partners with area businesses to provide a convenient one-stop source for skilled workers and training options for incumbent workers.

Career Pathway Programs - Career Pathway programs help participants develop and pursue career plans including skills training, education, and employment while navigating public benefit systems such as housing and Supplemental Nutrition Assistance Program. Programs provide individuals training to become a Certified Nursing Assistant, Nationally Certified Pharmacy Technician and other various vocational training programs in short-term, high intensity programs. Designed with employer feedback, these programs focus on getting participants certified and into a career ladder job.

English for Advancement- English for Advancement classes provide contextualized English language instruction in Boston neighborhoods and gateway cities such as Lynn, Lawrence, and Lowell. The program prepares students to enter employment or obtain a better job. Students work with a JVS Career Coach.

Business Services - Business Services offers career development services to help retain and promote current employees. Services include workplace English classes, customer service training, effective communication, and supervisory training, as well as pipeline training programs. These services are customizable and are delivered at the employer site.

Education - The Adult Diploma Program (ADP) provides adult students education advancement opportunities. ADP students work to receive a Boston Public School diploma. The English for Speakers of Other Languages (ESOL) program teaches English to non-native speakers and is located in the Hyde Park neighborhood of Boston. The programs include skills training, such as career planning and navigating financial aid.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Refugee Employment - The Refugee Employment Department provides comprehensive employment services for job seekers that have recently arrived in the United States. The approach combines English classes and individualized job search, and preparation with a JVS Career Coach.

Bridges to College - Bridges to College provides adult students education advancement opportunities. Bridges to College students prepare for entrance to college. The program includes skills training, such as career planning and navigating financial aid.

Disability Services - Transitions to Work, an employer-based program for young adults, prepares participants to work through hands-on training and classroom instruction. The Connections Program works 1:1 with Jewish adults to pursue vocational and educational goals, connecting participants to employment, education, volunteer and/or placement supports. Clients are also referred for job placement services through the Massachusetts Rehabilitation Commission.

JVS is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). JVS is also exempt from state income taxes. Donors may deduct contributions made to JVS within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

JVS prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standard Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash and Cash Equivalents

Cash and cash equivalents include cash balances maintained in checking accounts and money market accounts. For purpose of the statements of cash flows, JVS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash - Restricted

Cash - restricted consists of funds that JVS must use for donor specified program support and other initiatives. Some funds have also been set aside to fund small business loans to qualifying individuals. The balance of these funds as of September 30, 2018 and 2017, was \$63,221 and \$63,180, respectively.

Federal, State and Other Program Receivables and Allowance for Doubtful Accounts

Federal, state and other program receivables, net includes grant and contract receivables that are recorded at unpaid balances, less allowances for doubtful accounts of approximately \$17,000 and \$26,000 as of September 30, 2018 and 2017, respectively. The allowance is based upon collection experience and other circumstances which may affect JVS's ability to collect.

JVS uses the allowance method for recognizing potential uncollectible amounts relating to pledges and Federal, state and other program receivables. JVS writes off uncollectible grant and contract receivables upon determining they will not be collected.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable at September 30, 2018 and 2017, consist of contributions committed to certain programs (see Note 4). Pledges are recorded at their net present value when unconditionally committed. JVS discounted long-term pledges to present value using a discount rate of 2.25% as of September 30, 2018. There was no discount as of September 30, 2017.

Notes Receivable and Allowance for Loan Losses

JVS makes uncollateralized loans which are funded through private contributions from donors and institutional resources to eligible college students. These notes are interest free. JVS also makes uncollateralized loans to individuals who have completed JVS's small business training services for use in starting small businesses. All notes receivable are carried at their estimated net realizable value. Management reviews loan payment activity on a quarterly basis to determine the reasonableness of allowances for loan losses. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, and financial strength and cash flows of the borrower.

Investments

Investments include JVS's share of CJP's investments in the Jewish Community Endowment Pool (JCEP), a limited partnership under the managerial control of CJP. The overall financial objective is to meet short-term and long-term obligations and needs of JVS by earning an adequate return on assets with moderate volatility in year-to-year contribution levels. The value of these investments is \$1,715,596 and \$1,665,684 as of September 30, 2018 and 2017, respectively. At September 30, 2018 and 2017, investments also include treasury bonds that earn interest at rates varying from .95% to 1.75% and 0.875% to 1.75% per annum, respectively, and which mature at dates varying from November 2018 to June 2019 and June 2018 to January 2019, respectively. Treasury bonds with a maturity date of less than one year are considered short-term. All other investments are long-term. Investment return consists of interest, dividends, and realized and unrealized gains and losses on investments, net of investment management fees (see Note 3). Interest and dividend income is recorded as earned. Realized gains and losses on investment transactions are recognized as changes in net assets in the period in which they occur.

Property and Equipment

The cost of property, equipment and improvements with a value of greater than \$5,000 is capitalized. Donated assets are recorded at fair value on the date of donation. Costs for maintenance and repairs are expensed as they are incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	7 years
Leasehold improvements	Life of lease
Computers and equipment	3 years

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications

Unrestricted Net Assets

Unrestricted net assets represent those net resources that bear no external restrictions and are generally available for use by JVS. JVS has grouped its unrestricted net assets into the following categories:

- **Operating net assets** represent funds available to carry on the operations of JVS.
- **Property and equipment net assets** represent funds used in activities relating to JVS's property and equipment, net of related capital lease obligation.

Temporarily Restricted Net Assets

JVS receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes.

Temporarily restricted net assets consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Various programs	\$ 4,421,227	\$ 3,819,157
Scholarships	72,072	72,211
Time restricted	1,125,700	938,100
Scholarship funds (see Note 10)	582,818	584,002
Appreciation and unspent earnings on permanently restricted endowment	<u>16,617</u>	<u>15,834</u>
	<u>\$ 6,218,434</u>	<u>\$ 5,429,304</u>

Permanently Restricted Net Assets

JVS has assets which are maintained in perpetuity that allow JVS to use or expend the economic benefits derived from the donated fund in order to support operating needs or other donor stated requirements.

In-Kind Contributions

JVS receives donated services from various individuals or organizations. These services are reflected in the accompanying financial statements at fair value as determined by the donor. These services were comprised of the following for the years ended September 30:

	<u>2018</u>	<u>2017</u>
IT consulting	\$ 25,950	\$ 52,750
Legal	20,560	34,074
Event coordination	<u>5,000</u>	<u>5,000</u>
	<u>\$ 51,510</u>	<u>\$ 91,824</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

JVS expenses advertising costs as they are incurred. Advertising expense was \$25,700 and \$67,992 for the years ended September 30, 2018 and 2017, respectively, and is shown as advertising and publicity in the accompanying statements of functional expenses.

Expense Allocation

Expenses related directly to a program are distributed to that function, while other expenses are distributed based on management's estimate of the percentage attributable to each function.

Revenue Recognition

Federal and state contracts are recorded when services are provided and costs are incurred. Unrestricted grants and contributions and allocations from CJP are recorded as revenue when received or unconditionally committed. Program revenue is recorded as revenue when services are provided. All other revenue is recognized as earned.

Restricted grants and contributions are recorded as temporarily restricted revenue, gains and other support and net assets when the conditions are substantially met. Transfers are made to unrestricted net assets as costs are incurred or as time restrictions or program restrictions lapse. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Deferred Revenue

Revenues received in advance of services provided are recorded as deferred revenue in the accompanying statements of financial position. Deferred revenue that will be earned in the next fiscal year is classified as short-term. All other deferred revenue is classified as long-term.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of education, skill training, career coaching and placement services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenues (expenses). Non-operating revenues (expenses) consist of investment activity.

Income Taxes

JVS accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. JVS has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2018 and 2017. JVS's information returns are subject to examination by the Federal and state jurisdictions.

Estimates

The preparation of financial statements in accordance with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

JVS follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that JVS would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

JVS uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of JVS. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by JVS and an active market with quoted prices exists, the market price of an identical security is used to report fair value. JVS's interests in the investments with CJP is reported at the net asset value (NAV) reported by the fund, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2018 and 2017, JVS had no plans to sell investments at amounts different from NAV.

A summary of inputs used in valuing JVS's investments as of September 30, 2018 and 2017, is included in Note 3.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and is considered Level 1 in the fair value hierarchy.

JEWISH VOCATIONAL SERVICE, INC.Notes to Financial Statements
September 30, 2018 and 2017**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Subsequent Events**

Subsequent events have been evaluated through February 27, 2019, which is the date the financial statements were available to be issued. There were no events that met the criteria for disclosure in the accompanying financial statements.

3. INVESTMENTS

Fair value measurement (see Note 2) was determined using the following inputs at September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments with CJP*	\$ -	\$ -	\$ -	\$ 1,715,596
Treasury bonds	<u>2,495,350</u>	<u>-</u>	<u>-</u>	<u>2,495,350</u>
	<u>\$ 2,495,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,210,946</u>

Fair value measurement was determined using the following inputs at September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments with CJP*	\$ -	\$ -	\$ -	\$ 1,665,684
Treasury bonds	<u>2,501,057</u>	<u>-</u>	<u>-</u>	<u>2,501,057</u>
	<u>\$ 2,501,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,166,741</u>

* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position (see Note 2).

The investment with CJP consists of the following categories of investments as of September 30:

	<u>2018</u>	<u>2017</u>
Money market funds	18.2%	16.3%
Absolute return	3.0	4.4
Domestic equity	2.1	2.0
Real assets	<u>1.0</u>	<u>1.0</u>
	<u>24.3</u>	<u>23.7</u>
Alternative investments:		
Absolute return	33.5	35.8
International equity	22.5	23.6
Domestic equity	7.5	6.9
Credit related	5.0	4.3
Real assets	3.4	2.8
Private equity/venture capital	3.8	2.7
Fixed income	<u>0.0</u>	<u>0.2</u>
Total alternative investments	<u>75.7</u>	<u>76.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

3. INVESTMENTS (Continued)

JVS can withdraw, as of December 31 of any calendar year, or any such date considered appropriate by CJP, all or a percentage of its assets by giving at least 92 days advance written notice, subject to the right of CJP to accept shorter notice. In certain cases, CJP reserves the right to hold back a small portion of a withdrawal amount until underlying investments can be definitely valued or liquidated. Investments, exclusive of the certificates of deposit, are not insured and are subject to ongoing market fluctuations.

Investment Return

The following schedule summarizes the investment return for the years ended September 30:

	<u>2018</u>	<u>2017</u>
Net unrealized gains	\$ 61,910	\$ 135,910
Net realized gains	14,185	13,449
Interest and dividends	13,351	10,842
Investment fees	<u>(9,580)</u>	<u>(7,984)</u>
Investment return, net	<u>\$ 79,866</u>	<u>\$ 152,217</u>

4. PLEDGES RECEIVABLE

Pledges receivable include unconditional promises to give which are expected to be collected over the next five years.

Pledges receivable are due as follows at September 30:

	<u>2018</u>	<u>2017</u>
Due in one year	\$ 420,800	\$ 14,654
Due in two to five years	<u>260,000</u>	<u>-</u>
	680,800	14,654
Less - present value discount at 2.25% as of September 30, 2018	<u>5,850</u>	<u>-</u>
	674,950	14,654
Less - current portion	<u>420,800</u>	<u>14,654</u>
Long-term pledges receivable	<u>\$ 254,150</u>	<u>\$ -</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 1,261,119	\$ 1,261,119
Leasehold improvements	326,762	307,542
Computers and equipment	<u>102,771</u>	<u>21,937</u>
	1,690,652	1,590,598
Less - accumulated depreciation	<u>587,199</u>	<u>410,895</u>
Property and equipment, net	<u>\$ 1,103,453</u>	<u>\$ 1,179,703</u>

Depreciation expense for the years ended September 30, 2018 and 2017, was \$176,304 and \$165,193, respectively.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

6. NOTES RECEIVABLE

Notes receivable consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Student notes	\$ 62,490	\$ 50,157
Boston Private Bank notes	<u>2,021</u>	<u>3,190</u>
	64,511	53,347
Less - current portion	14,519	13,221
Less - allowance for loan losses	<u>5,078</u>	<u>5,078</u>
Long-term notes receivable	<u>\$ 44,914</u>	<u>\$ 35,048</u>

The following is a summary of the general terms of the loan programs:

<u>Loan Program</u>	<u>Purpose</u>	<u>Range of Loan Amount</u>	<u>Repayment Terms</u>
Student notes	College Loans	\$200 - \$1,600	Quarterly, up to 5 years (deferred until one year after graduation)
Boston Private Bank notes	Small Business Start Up	\$1,000 - \$3,500	Monthly, up to 3 years

Future minimum collections under these agreements are as follows:

2019	\$ 14,519
2020	\$ 12,498
2021	\$ 12,498
2022	\$ 12,498
2023	\$ 12,498

7. NOTE PAYABLE TO A BANK

JVS has a line of credit agreement with a bank which allows for maximum borrowings of up to \$1,250,000. Interest is payable monthly on the outstanding balance at the institution's prime lending rate (5.25% and 4.25% at September 30, 2018 and 2017, respectively). The note is secured by all business assets of JVS. There were no outstanding balances at September 30, 2018 and 2017. This agreement is renewable annually in January. The line of credit agreement contains various covenants with which JVS must comply. JVS was in compliance with the covenants as of and for the years ended September 30, 2018 and 2017.

8. LEASE AGREEMENTS

JVS has an agreement to lease office space which commenced in April 2015. The lease term is for ten years and four months and contains an option to extend the lease for two additional five year terms, neither of which have been exercised. The lease requires base monthly payments of \$114,114 in the first year with annual increases as outlined in the lease agreement. The lease includes a tenant improvement allowance to be paid by the landlord totaling \$3,118,905. The lease specifies that JVS will apply the unspent portion of the allowance to offset payments of the base rent until the balance is fully absorbed. Total improvement allowance in excess of actual costs incurred totaled \$636,164 (including reimbursements of \$239,435 from an unrelated workforce development organization) which will be applied as pre-payment of rent.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

8. LEASE AGREEMENTS (Continued)

JVS is recognizing rent expense for this lease on a straight-line basis over the term of the lease in accordance with *ASC Topic, Leases*. Deferred rent as of September 30, 2018 and 2017, was \$1,338,771 and \$1,497,234, respectively. JVS is also required to maintain certain insurance coverage and pay for its proportionate share of the increase of real estate taxes and operating expenses over the base year as outlined in the agreement. Rent expense under this lease for the years ended September 30, 2018 and 2017, totaled \$1,656,864, and is included in occupancy in the accompanying statements of functional expenses.

The lease required a prepayment of a security deposit of \$135,000. This amount is included in deposits in the accompanying statements of financial position as of September 30, 2018 and 2017.

JVS had a tenant-at-will agreement to lease a facility for \$650 per month through March 2018. In April 2018, JVS entered into a two-year lease agreement expiring in March 2020 with monthly payments of \$600. Rent expense was approximately \$7,500 and \$7,800 for the years ended September 30, 2018 and 2017, respectively, which is included in occupancy in the accompanying statements of functional expenses.

JVS leases office equipment under an operating lease expires in July 2020. Monthly payments are approximately \$4,700.

Future minimum lease payments under the leases are as follows:

	<u>Facility</u>	<u>Equipment</u>
2019	\$ 1,844,158	\$ 56,544
2020	1,880,842	47,120
2021	1,885,299	-
2022	1,933,917	-
2023	1,943,640	-
Thereafter	<u>2,267,580</u>	<u>-</u>
Total	<u>\$ 11,755,436</u>	<u>\$ 103,664</u>

Use of Space Agreement

The aforementioned facility lease that commenced during fiscal year 2015 contains a provision for JVS to sublet up to twenty-five percent of the space to an unrelated workforce development organization.

JVS fulfilled this requirement by entering into a memorandum of understanding with a private corporation (the Organization) which specifies a portion of the leased space will be available to establish education and training systems that prepare youth, dislocated workers and other skilled adults for worthwhile and sustainable employment for five years commencing in January 2016, with the option to extend an additional five years. In exchange, the Organization agreed to work with JVS to provide training and employment opportunities for JVS clients. The Organization will share in the operating costs of the facilities. The Organization made annual donations to JVS totaling \$50,000 during fiscal years 2018 and 2017. Over the next five years, the Organization is expected to make donations of \$50,000 annually.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

9. CAPITAL LEASE OBLIGATION

Capital lease obligation as of September 30, 2018 and 2017, consists of a capital lease for office furniture and equipment, due in monthly principal and interest installments of \$22,863, with interest at 3.36%, through August 2020.

Future lease payments under this agreement are as follows:

2019	\$ 274,356
2020	<u>251,493</u>
Total future minimum payments	525,849
Less - amounts representing interest	<u>17,264</u>
Present value of future minimum lease payments	508,585
Less - current portion	<u>261,266</u>
	<u>\$ 247,319</u>

Interest expense under this agreement totaled \$21,710 and \$30,047 for the years ended September 30, 2018 and 2017, respectively, and is included in interest in the accompanying statements of functional expenses.

Office furniture and equipment under this capital lease have a capitalized cost of \$1,261,119. Accumulated depreciation on the office furniture and equipment under this capital lease was \$441,392 and \$315,280 as of September 30, 2018 and 2017, respectively. For the years ended September 30, 2018 and 2017, depreciation expense on property and equipment purchased under this capital lease was \$126,112.

10. ENDOWMENT

Changes in endowment funds by net asset class are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment funds at September 30, 2016	\$ 572,030	\$ 16,534	\$ 588,564
Unrealized gains	43,361	-	43,361
Realized gains	13,449	-	13,449
Interest and dividends	4,131	-	4,131
Investment fees	(3,042)	-	(3,042)
Investment return designated for scholarships	<u>(30,093)</u>	<u>-</u>	<u>(30,093)</u>
Endowment funds at September 30, 2017	599,836	16,534	616,370
Unrealized gains	14,585	-	14,585
Realized gains	13,598	-	13,598
Interest and dividends	4,914	-	4,914
Investment fees	(3,544)	-	(3,544)
Investment return designated for scholarships	<u>(29,954)</u>	<u>-</u>	<u>(29,954)</u>
Endowment funds at September 30, 2018	<u>\$ 599,435</u>	<u>\$ 16,534</u>	<u>\$ 615,969</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

10. ENDOWMENT (Continued)

Included in the temporarily restricted endowment funds as of September 30, 2018 and 2017, are \$582,818 and \$584,002, respectively, of scholarship funds received by three donors. These funds were established without any permanent restriction on the use of original principal, but with limitations as to the amount of annual expenditure. The donor allows appropriations in accordance with JVS's spending policy appropriation.

Spending Policy

Annually, JVS receives from CJP the amount it should allocate for scholarships to be spent in the following fiscal year. During fiscal years 2018 and 2017, JVS appropriated \$29,954 and \$30,093, respectively, to be used for scholarships.

11. CONTINGENCIES

JVS receives significant assistance from numerous government agencies in the form of contracts and grants. Expenditures of these funds require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of JVS. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of JVS as of September 30, 2018 and 2017.

JVS, from time-to-time, is the defendant in lawsuits. It is management's experience that JVS will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying financial statements for any potential liability resulting from these lawsuits.

12. PENSION PLANS

JVS has a nonqualified deferred compensation arrangement with certain senior management employees. This plan provides for discretionary contributions of up to \$7,500 per year or a percentage of salary each year per participant as defined. Annual contributions vest over a three year period. The amounts committed for the years ended September 30, 2018 and 2017, were \$35,028 and \$39,720, respectively. These contributions were funded subsequent to the applicable fiscal year end. The amounts committed during the years ended September 30, 2018 and 2017, are included in accrued expenses and other in the accompanying statements of financial position. Plan assets and liabilities totaled \$402,853 and \$422,423 as of September 30, 2018 and 2017, respectively, and are shown as investments - restricted and deferred compensation in the accompanying statements of financial position. The plan assets are invested in domestic equities and are valued using Level 1 inputs (see Note 2).

In addition, JVS has a 403(b) plan available to all JVS employees. In fiscal year 2017, the Plan was modified to include a discretionary employer contribution. A 1% employer contribution has been accrued for in fiscal years 2018 and 2017 totaling \$82,486 and \$64,791, and is included in accrued expenses and other in the accompanying statements of financial position as of September 30, 2018 and 2017, respectively. These contributions were made in the subsequent fiscal year.

13. TRANSACTIONS WITH CJP

JVS is a beneficiary agency of CJP. JVS records the amount of the approved allocations from CJP as revenue and a receivable in the accompanying financial statements. As of September 30, 2018 and 2017, CJP owed JVS \$1,125,700 and \$938,100, respectively, which is reflected as allocations receivable from CJP in the accompanying statements of financial position.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2018 and 2017

13. TRANSACTIONS WITH CJP (Continued)

During 2005, CJP agreed to loan JVS the funds needed to fund certain retirement plan obligations totaling approximately \$580,000. The loan is unsecured and is to be repaid in equal installments over twenty years with no interest. JVS originally reported this loan at \$319,992, its net present value at the date of commencement.

As of September 30, 2018 and 2017, the loan has a face value of \$213,217 and \$239,869, respectively, and an imputed interest rate of 6% (discounted by \$50,120 and \$61,337, respectively). The balance of this loan is reported in the accompanying statements of financial position as follows as of September 30:

	<u>2018</u>	<u>2017</u>
Current portion of due to CJP	\$ 18,600	\$ 17,520
Due to CJP, net of current portion	<u>144,497</u>	<u>161,012</u>
	<u>\$ 163,097</u>	<u>\$ 178,532</u>

Future maturities over the remainder of the term of the loan are as follows:

2019	\$ 18,600
2020	19,748
2021	20,966
2022	22,259
2023	23,632
Thereafter	<u>57,892</u>
Total	<u>\$ 163,097</u>

Interest expense recorded on this loan for the years ended September 30, 2018 and 2017, was \$11,217 and \$12,113, respectively, and is included in interest in the accompanying statements of functional expenses.

14. RELATED PARTY TRANSACTIONS

During fiscal years 2018 and 2017, JVS received donated legal services from members of the Board of Directors. During fiscal year 2018, JVS also received donated information technology consulting services from a member of the Board of Directors. The total value of these donated services was \$46,510 and \$34,074 for the years ended September 30, 2018 and 2017, respectively, and is included in professional fees in the accompanying statements of functional expenses.

15. CONCENTRATION OF CREDIT RISK

JVS maintains its cash and cash equivalents balances in Massachusetts banks, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the cash and cash equivalents balances in the accounts at one financial institution exceeded the insured amount. JVS has not experienced any losses in such accounts. JVS's management believes JVS is not exposed to any significant credit risk on cash and cash equivalents.

JVS received approximately 30% and 29% of its total funding from two sources for the years ended September 30, 2018 and 2017, respectively. In addition, approximately 46% and 36% of JVS's Federal, state and other program receivables were due from two funding sources as of September 30, 2018 and 2017, respectively. Approximately 74% of JVS's pledges receivable are from one donor as of September 30, 2018.

16. RECLASSIFICATIONS

Certain amounts in the fiscal year 2017 financial statements have been reclassified to conform with the fiscal year 2018 presentation.