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JEWISH VOCATIONAL SERVICE, INC.

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

JEWISH VOCATIONAL SERVICE, INC.

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September 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

AAFCPA, Inc.

Boston, Massachusetts
February 26, 2020

JEWISH VOCATIONAL SERVICE, INC.

 Statements of Financial Position
 September 30, 2019 and 2018

Assets	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 2,084,700	\$ 4,102,021	\$ 6,186,721	\$ 2,754,673	\$ 1,263,161	\$ 4,017,834
Cash - restricted	45,500	17,784	63,284	45,500	17,721	63,221
Short-term investments	-	-	-	-	2,495,350	2,495,350
Allocations receivable from CJP	-	1,154,047	1,154,047	-	1,125,700	1,125,700
Federal, state and other program receivables, net	1,890,784	-	1,890,784	1,451,161	-	1,451,161
Current portion of pledges receivable	-	603,500	603,500	-	420,800	420,800
Current portion of notes receivable	13,107	8,423	21,530	-	14,519	14,519
Prepaid expenses and other current assets	111,645	-	111,645	94,428	-	94,428
Total current assets	4,145,736	5,885,775	10,031,511	4,345,762	5,337,251	9,683,013
Investments	1,123,207	599,455	1,722,662	1,099,627	615,969	1,715,596
Pledges Receivable, net of discount and current portion	-	151,305	151,305	-	254,150	254,150
Notes Receivable, net	39,266	33,694	72,960	17,316	27,598	44,914
Investments - Restricted	430,134	-	430,134	402,853	-	402,853
Deposits	135,600	-	135,600	136,100	-	136,100
Property and Equipment, net	923,142	-	923,142	1,103,453	-	1,103,453
Total assets	<u>\$ 6,797,085</u>	<u>\$ 6,670,229</u>	<u>\$ 13,467,314</u>	<u>\$ 7,105,111</u>	<u>\$ 6,234,968</u>	<u>\$ 13,340,079</u>
Liabilities and Net Assets						
Current Liabilities:						
Current portion of capital lease obligation	\$ 247,318	\$ -	\$ 247,318	\$ 261,266	\$ -	\$ 261,266
Current portion of due to CJP	19,748	-	19,748	18,600	-	18,600
Current portion of deferred revenue	452,195	-	452,195	882,805	-	882,805
Current portion of deferred rent	164,505	-	164,505	158,463	-	158,463
Accounts payable	510,150	-	510,150	192,467	-	192,467
Accrued expenses and other	541,629	-	541,629	632,364	-	632,364
Other liabilities	45,500	-	45,500	45,500	-	45,500
Total current liabilities	1,981,045	-	1,981,045	2,191,465	-	2,191,465
Capital Lease Obligation, net of current portion	-	-	-	247,319	-	247,319
Due to CJP, net of current portion	126,962	-	126,962	144,497	-	144,497
Deferred Revenue, net of current portion	112,960	-	112,960	136,131	-	136,131
Deferred Rent, net of current portion	1,015,803	-	1,015,803	1,180,308	-	1,180,308
Deferred Compensation	430,134	-	430,134	402,853	-	402,853
Total liabilities	3,666,904	-	3,666,904	4,302,573	-	4,302,573
Net Assets:						
Without donor restrictions:						
Operating	2,454,357	-	2,454,357	2,207,670	-	2,207,670
Property and equipment	675,824	-	675,824	594,868	-	594,868
Total without donor restrictions	3,130,181	-	3,130,181	2,802,538	-	2,802,538
With donor restrictions	-	6,670,229	6,670,229	-	6,234,968	6,234,968
Total net assets	3,130,181	6,670,229	9,800,410	2,802,538	6,234,968	9,037,506
Total liabilities and net assets	<u>\$ 6,797,085</u>	<u>\$ 6,670,229</u>	<u>\$ 13,467,314</u>	<u>\$ 7,105,111</u>	<u>\$ 6,234,968</u>	<u>\$ 13,340,079</u>

JEWISH VOCATIONAL SERVICE, INC.

 Statements of Activities and Changes in Net Assets
 For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Federal and state contracts	\$ 8,908,101	\$ -	\$ 8,908,101	\$ 8,842,618	\$ -	\$ 8,842,618
Grants and contributions	578,229	3,288,035	3,866,264	2,447,321	1,567,690	4,015,011
Program revenue	2,868,762	-	2,868,762	1,988,179	-	1,988,179
Allocations from CJP	-	956,800	956,800	50,400	1,125,700	1,176,100
Other revenue	121,269	-	121,269	74,370	-	74,370
Investment return designated for scholarships	-	29,725	29,725	-	29,954	29,954
In-kind contributions	13,770	-	13,770	51,510	-	51,510
Net assets released from time restrictions	1,603,403	(1,603,403)	-	952,754	(952,754)	-
Net assets released from purpose restrictions	2,219,382	(2,219,382)	-	981,059	(981,059)	-
Total operating revenue and support	<u>16,312,916</u>	<u>451,775</u>	<u>16,764,691</u>	<u>15,388,211</u>	<u>789,531</u>	<u>16,177,742</u>
Operating Expenses:						
Program services	12,555,134	-	12,555,134	11,820,768	-	11,820,768
Administration	2,455,392	-	2,455,392	2,274,036	-	2,274,036
Development	998,327	-	998,327	1,001,813	-	1,001,813
Total operating expenses	<u>16,008,853</u>	<u>-</u>	<u>16,008,853</u>	<u>15,096,617</u>	<u>-</u>	<u>15,096,617</u>
Changes in net assets from operations	<u>304,063</u>	<u>451,775</u>	<u>755,838</u>	<u>291,594</u>	<u>789,531</u>	<u>1,081,125</u>
Non-Operating Revenues (Expenses):						
Investment return, net	23,580	13,211	36,791	50,313	29,553	79,866
Investment return designated for scholarships	-	(29,725)	(29,725)	-	(29,954)	(29,954)
Total non-operating revenues (expenses)	<u>23,580</u>	<u>(16,514)</u>	<u>7,066</u>	<u>50,313</u>	<u>(401)</u>	<u>49,912</u>
Changes in net assets	327,643	435,261	762,904	341,907	789,130	1,131,037
Net Assets:						
Beginning of year	<u>2,802,538</u>	<u>6,234,968</u>	<u>9,037,506</u>	<u>2,460,631</u>	<u>5,445,838</u>	<u>7,906,469</u>
End of year	<u>\$ 3,130,181</u>	<u>\$ 6,670,229</u>	<u>\$ 9,800,410</u>	<u>\$ 2,802,538</u>	<u>\$ 6,234,968</u>	<u>\$ 9,037,506</u>

The accompanying notes are an integral part of these statements.

JEWISH VOCATIONAL SERVICE, INC.Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 762,904	\$ 1,131,037
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	197,074	176,304
Investment return, net	(36,791)	(79,866)
Changes in operating assets and liabilities:		
Cash - restricted	(63)	(41)
Allocations receivable from CJP	(28,347)	(187,600)
Federal, state and other program receivables, net	(439,623)	25,668
Pledges receivable	(79,855)	(660,296)
Prepaid expenses and other current assets	(17,217)	(29,009)
Deferred revenue	(453,781)	(61,105)
Deferred rent	(158,463)	(158,463)
Accounts payable	317,683	(68,199)
Accrued expenses and other	(90,735)	37,882
	<u>(27,214)</u>	<u>126,312</u>
Net cash provided by (used in) operating activities	<u>(27,214)</u>	<u>126,312</u>
Cash Flows from Investing Activities:		
(Increase) decrease in deposits	500	(1,100)
Acquisition of property and equipment	(16,763)	(100,054)
Purchase of investments	-	(1,000,000)
Proceeds from the sale of short-term investments	2,525,075	1,035,661
Increase in notes receivable	(35,057)	(11,164)
	<u>2,473,755</u>	<u>(76,657)</u>
Net cash provided by (used in) investing activities	<u>2,473,755</u>	<u>(76,657)</u>
Cash Flows from Financing Activities:		
Due to CJP	(16,387)	(15,435)
Payments on capital lease obligation	(261,267)	(252,645)
	<u>(277,654)</u>	<u>(268,080)</u>
Net cash used in financing activities	<u>(277,654)</u>	<u>(268,080)</u>
Net Change in Cash and Cash Equivalents	2,168,887	(218,425)
Cash and Cash Equivalents:		
Beginning of year	4,017,834	4,236,259
End of year	<u>\$ 6,186,721</u>	<u>\$ 4,017,834</u>
Supplemental Disclosure of Cash Transactions:		
Cash paid for interest	<u>\$ 13,089</u>	<u>\$ 21,710</u>

JEWISH VOCATIONAL SERVICE, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2019

(With Summarized Comparative Totals for the Year Ended September 30, 2018)

	2019											2018		
	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				
Personnel:														
Salaries and wages	\$ 1,426,384	\$ 1,179,054	\$ 1,040,845	\$ 833,539	\$ 636,927	\$ 895,955	\$ 569,121	\$ 548,160	\$ 17,441	\$ 7,147,426	\$ 877,910	\$ 526,531	\$ 8,551,867	\$ 8,193,074
Payroll taxes and fringe benefits	368,107	302,875	265,574	215,425	160,547	230,556	136,205	140,421	4,412	1,824,122	264,196	138,324	2,226,642	2,054,969
Total personnel	1,794,491	1,481,929	1,306,419	1,048,964	797,474	1,126,511	705,326	688,581	21,853	8,971,548	1,142,106	664,855	10,778,509	10,248,043
Occupancy	473,294	350,263	74,891	36,190	313,776	219,903	205,332	54,424	-	1,728,073	156,448	50,429	1,934,950	1,858,873
Operational:														
Professional fees	15,513	415,707	271,046	74,380	8,071	21,266	26,409	1,587	-	833,979	846,514	113,335	1,793,828	1,483,799
Scholarships	-	-	-	-	-	-	-	-	318,008	318,008	-	-	318,008	296,863
Equipment	31,202	19,526	9,134	29,803	11,462	13,682	10,790	4,238	48	129,885	60,676	21,238	211,799	188,004
Depreciation	32,872	27,390	26,506	22,881	18,998	21,698	12,613	13,086	-	176,044	11,824	9,206	197,074	176,304
Supplies	18,785	8,812	3,718	41,631	7,758	17,016	4,389	2,950	206	105,265	40,597	24,593	170,455	121,691
Miscellaneous	8,075	14,110	7,062	7,714	1,537	1,705	9,099	3,133	52	52,487	71,951	6,788	131,226	149,935
Meetings and staff development	15,863	3,094	1,145	14,038	1,968	2,255	1,190	1,378	1,205	42,136	61,158	1,496	104,790	72,522
Fundraising	-	-	-	-	-	-	-	-	-	-	-	96,808	96,808	75,214
Client costs	9,320	26,271	68	46	-	27,635	5,379	151	-	68,870	11,306	-	80,176	251,703
Communication	9,113	9,233	8,381	10,931	6,579	5,402	3,072	3,474	-	56,185	7,399	1,930	65,514	67,286
Advertising and publicity	6,155	1,917	28,469	5,753	2,659	3,301	207	862	-	49,323	2,735	2,550	54,608	25,700
Insurance	3,955	3,295	3,188	2,752	2,285	2,609	1,517	1,809	-	21,410	10,115	1,107	32,632	34,356
Interest	-	-	-	-	-	-	-	-	-	-	23,361	-	23,361	32,927
Bank fees	1,881	-	-	40	-	-	-	-	-	1,921	9,202	3,992	15,115	13,397
Total operational	152,734	529,355	358,717	209,969	61,317	116,569	74,665	32,668	319,519	1,855,513	1,156,838	283,043	3,295,394	2,989,701
Total expenses	\$ 2,420,519	\$ 2,361,547	\$ 1,740,027	\$ 1,295,123	\$ 1,172,567	\$ 1,462,983	\$ 985,323	\$ 775,673	\$ 341,372	\$ 12,555,134	\$ 2,455,392	\$ 998,327	\$ 16,008,853	\$ 15,096,617

The accompanying notes are an integral part of these statements.

JEWISH VOCATIONAL SERVICE, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2018

	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	\$ 1,405,293	\$ 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
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
Total personnel	<u>1,747,353</u>	<u>1,511,092</u>	<u>1,152,460</u>	<u>1,198,109</u>	<u>759,216</u>	<u>833,669</u>	<u>631,288</u>	<u>656,493</u>	<u>17,315</u>	<u>8,506,995</u>	<u>1,012,783</u>	<u>728,265</u>	<u>10,248,043</u>
Occupancy	<u>541,063</u>	<u>308,224</u>	<u>29,441</u>	<u>32,028</u>	<u>307,604</u>	<u>206,739</u>	<u>188,543</u>	<u>54,893</u>	<u>-</u>	<u>1,668,535</u>	<u>139,478</u>	<u>50,860</u>	<u>1,858,873</u>
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
Scholarships	-	-	-	-	-	-	-	-	296,863	296,863	-	-	296,863
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
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
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
Miscellaneous	7,447	1,193	6,150	7,091	2,307	870	6,441	2,815	-	34,314	109,074	6,547	149,935
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
Fundraising	-	-	-	-	-	-	-	-	-	-	-	75,214	75,214
Client costs	12,260	206,214	29	-	515	11,816	3,941	294	-	235,069	16,634	-	251,703
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
Advertising and publicity	5,182	3,154	9,364	2,111	444	1,200	477	60	-	21,992	2,224	1,484	25,700
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
Interest	-	-	-	-	-	-	-	-	-	-	32,927	-	32,927
Bank fees	1,657	1,016	-	358	-	-	-	-	62	3,093	6,465	3,839	13,397
Total operational	<u>136,461</u>	<u>485,749</u>	<u>400,901</u>	<u>122,186</u>	<u>57,405</u>	<u>52,939</u>	<u>63,291</u>	<u>27,427</u>	<u>298,879</u>	<u>1,645,238</u>	<u>1,121,775</u>	<u>222,688</u>	<u>2,989,701</u>
Total expenses	<u>\$ 2,424,877</u>	<u>\$ 2,305,065</u>	<u>\$ 1,582,802</u>	<u>\$ 1,352,323</u>	<u>\$ 1,124,225</u>	<u>\$ 1,093,347</u>	<u>\$ 883,122</u>	<u>\$ 738,813</u>	<u>\$ 316,194</u>	<u>\$ 11,820,768</u>	<u>\$ 2,274,036</u>	<u>\$ 1,001,813</u>	<u>\$ 15,096,617</u>

The accompanying notes are an integral part of these statements.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

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, 2019 and 2018

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).

Adoption of New Accounting Standard

In fiscal year 2019, JVS adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. JVS has adjusted the presentation of these financial statements accordingly. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit the disclosures about liquidity and availability of resources for the fiscal year 2018 financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances maintained in checking 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, 2019 and 2018, was \$63,284 and \$63,221, respectively.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Federal, state and other program receivables, net include grant and contract receivables that are recorded at unpaid balances, less allowances for doubtful accounts of approximately \$17,000 as of September 30, 2019 and 2018. 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.

Pledges Receivable

Pledges receivable at September 30, 2019 and 2018, 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 1.75% and 2.25% as of September 30, 2019 and 2018, respectively.

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 \$1,722,662 and \$1,715,596 as of September 30, 2019 and 2018, respectively. At September 30, 2018, investments also included treasury bonds that earned interest at rates varying from .95% to 1.75% per annum and which matured at dates varying from November 2018 to June 2019. Treasury bonds with a maturity date of less than one year were 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.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent those net resources that bear no external restrictions and are generally available for use by JVS. JVS has grouped its net assets without donor restrictions 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.

Net Assets With Donor Restrictions

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

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

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Various programs	\$ 4,844,884	\$ 4,421,227
Scholarships	71,843	72,072
Time restricted	1,154,047	1,125,700
Scholarship funds (see Note 10)	566,356	582,818
Appreciation and unspent earnings on endowment	16,565	16,617
Net assets held in perpetuity	<u>16,534</u>	<u>16,534</u>
	<u>\$ 6,670,229</u>	<u>\$ 6,234,968</u>

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.

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.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2019</u>	<u>2018</u>
Legal	\$ 7,270	\$ 20,560
Event coordination	5,000	5,000
IT consulting	<u>1,500</u>	<u>25,950</u>
	<u>\$ 13,770</u>	<u>\$ 51,510</u>

Advertising Costs

JVS expenses advertising costs as they are incurred. Advertising expense was \$54,608 and \$25,700 for the years ended September 30, 2019 and 2018, 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.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel, which is allocated on the basis of estimates of time and effort; occupancy, which is allocated on a square footage basis; and supplies, meetings and staff development, insurance, equipment, communication, clients costs, and professional fees, which are allocated based on usage studies conducted annually.

Revenue Recognition

Federal and state contracts are recorded when services are provided and costs are incurred. Grants and contributions without donor restrictions 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.

Grants and contributions with donor restrictions are recorded as revenue with donor restrictions and net assets at the earlier of when received or unconditionally pledged. Transfers are made to net assets without donor restrictions 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 net assets without donor restrictions.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018. 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.

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.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, 2019 and 2018, 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, 2019 and 2018, 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.

Subsequent Events

Subsequent events have been evaluated through February 26, 2020, 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments with CJP*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,722,662</u>

Fair value measurement 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>

* 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).

JEWISH VOCATIONAL SERVICE, INC.Notes to Financial Statements
September 30, 2019 and 2018**3. INVESTMENTS (Continued)**

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

	<u>2019</u>	<u>2018</u>
Fixed income	12.6%	-
Money market funds	4.4	18.2
Domestic equity	2.4	2.1
Real assets	0.5	1.0
Absolute return	<u>0.3</u>	<u>3.0</u>
	<u>20.2</u>	<u>24.3</u>
Alternative investments:		
Absolute return	35.3	33.5
International equity	21.1	22.5
Domestic equity	7.4	7.5
Credit related	6.9	5.0
Private equity/venture capital	5.3	3.8
Real assets	<u>3.8</u>	<u>3.4</u>
Total alternative investments	<u>79.8</u>	<u>75.7</u>
Total	<u>100.0%</u>	<u>100.0%</u>

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 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>2019</u>	<u>2018</u>
Net unrealized gains	\$ 39,696	\$ 61,910
Interest and dividends	11,811	13,351
Net realized gains (losses)	(957)	14,185
Investment fees	<u>(13,759)</u>	<u>(9,580)</u>
Investment return, net	<u>\$ 36,791</u>	<u>\$ 79,866</u>

JEWISH VOCATIONAL SERVICE, INC.Notes to Financial Statements
September 30, 2019 and 2018

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>2019</u>	<u>2018</u>
Due in one year	\$ 603,500	\$ 420,800
Due in two to five years	<u>154,000</u>	<u>260,000</u>
	757,500	680,800
Less - present value discount at 1.75% and 2.25% as of September 30, 2019 and 2018, respectively.	<u>2,695</u>	<u>5,850</u>
	754,805	674,950
Less - current portion	<u>603,500</u>	<u>420,800</u>
Long-term pledges receivable	<u>\$ 151,305</u>	<u>\$ 254,150</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 1,261,119	\$ 1,261,119
Leasehold improvements	331,912	326,762
Computers and equipment	<u>114,384</u>	<u>102,771</u>
	1,707,415	1,690,652
Less - accumulated depreciation	<u>784,273</u>	<u>587,199</u>
Property and equipment, net	<u>\$ 923,142</u>	<u>\$ 1,103,453</u>

Depreciation expense for the years ended September 30, 2019 and 2018, was \$197,074 and \$176,304, respectively.

6. NOTES RECEIVABLE

Notes receivable consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Student notes	\$ 97,547	\$ 62,490
Boston Private Bank notes	<u>2,021</u>	<u>2,021</u>
	99,568	64,511
Less - current portion	21,530	14,519
Less - allowance for loan losses	<u>5,078</u>	<u>5,078</u>
Long-term notes receivable	<u>\$ 72,960</u>	<u>\$ 44,914</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

6. NOTES RECEIVABLE (Continued)

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:

2020	\$ 21,530
2021	\$ 19,509
2022	\$ 19,509
2023	\$ 19,509
2024	\$ 19,511

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 bank's prime lending rate (5.00% and 5.25% at September 30, 2019 and 2018, respectively). The note is secured by all business assets of JVS. There were no outstanding balances at September 30, 2019 and 2018. 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, 2019 and 2018.

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.

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, 2019 and 2018, was \$1,180,308 and \$1,338,771, 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, 2019 and 2018, 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, 2019 and 2018.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

8. LEASE AGREEMENTS (Continued)

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 \$7,200 and \$7,500 for the years ended September 30, 2019 and 2018, respectively, which is included in occupancy in the accompanying statements of functional expenses.

JVS leases office equipment under an operating lease expiring 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>
2020	\$ 1,880,842	\$ 47,120
2021	1,885,299	-
2022	1,933,917	-
2023	1,943,640	-
2024	1,943,640	-
Thereafter	<u>323,940</u>	<u>-</u>
Total	<u>\$ 9,911,278</u>	<u>\$ 47,120</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's 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 2019 and 2018. Over the next five years, the Organization is expected to make donations of \$50,000 annually.

9. CAPITAL LEASE OBLIGATION

Capital lease obligation as of September 30, 2019 and 2018, 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:

2020	<u>\$ 251,493</u>
Less - amounts representing interest	<u>4,175</u>
Present value of future minimum lease payments	247,318
Less - current portion	<u>247,318</u>
	<u>\$ -</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

9. CAPITAL LEASE OBLIGATION (Continued)

Interest expense under this agreement totaled \$13,089 and \$21,710 for the years ended September 30, 2019 and 2018, 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 \$567,504 and \$441,392 as of September 30, 2019 and 2018, respectively. For the years ended September 30, 2019 and 2018, 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:

Endowment funds at September 30, 2017 (including \$16,534 of net assets held in perpetuity)	\$ 616,370
Realized gains	13,598
Interest and dividends	4,914
Unrealized gains	14,585
Investment fees	(3,544)
Investment return designated for scholarships	<u>(29,954)</u>
Endowment funds at September 30, 2018	615,969
Realized gains	14,867
Interest and dividends	4,241
Unrealized losses	(957)
Investment fees	(4,940)
Investment return designated for scholarships	<u>(29,725)</u>
Endowment funds at September 30, 2019	<u>\$ 599,455</u>

Included in the endowment funds as of September 30, 2019 and 2018, are \$566,356 and \$582,818, 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 2019 and 2018, JVS appropriated \$29,725 and \$29,954, respectively, to be used for scholarships.

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

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, 2019 and 2018.

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, 2019 and 2018, were \$30,274 and \$35,028, respectively. These contributions were funded subsequent to the applicable fiscal year end. The amounts committed during the years ended September 30, 2019 and 2018, are included in accrued expenses and other in the accompanying statements of financial position. Plan assets and liabilities totaled \$430,134 and \$402,853 as of September 30, 2019 and 2018, 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, which includes a discretionary employer contribution. A 1% employer contribution has been accrued for in fiscal years 2019 and 2018 totaling \$71,666 and \$82,486, and is included in accrued expenses and other in the accompanying statements of financial position as of September 30, 2019 and 2018, 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, 2019 and 2018, CJP owed JVS \$1,154,047 and \$1,125,700, respectively, which is reflected as allocations receivable from CJP in the accompanying statements of financial position.

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 (December 31, 2026 maturity date) with no interest. JVS originally reported this loan at \$319,992, its net present value at the date of commencement.

As of September 30, 2019 and 2018, the loan has a face value of \$186,564 and \$213,217, respectively, and an imputed interest rate of 6% (discounted by \$39,854 and \$50,120, respectively). The balance of this loan is reported in the accompanying statements of financial position as follows as of September 30:

	<u>2019</u>	<u>2018</u>
Current portion of due to CJP	\$ 19,748	\$ 18,600
Due to CJP, net of current portion	<u>126,962</u>	<u>144,497</u>
	<u>\$ 146,710</u>	<u>\$ 163,097</u>

JEWISH VOCATIONAL SERVICE, INC.Notes to Financial Statements
September 30, 2019 and 2018

13. TRANSACTIONS WITH CJP (Continued)

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

2020	\$ 19,748
2021	20,966
2022	22,259
2023	23,632
2024	25,089
Thereafter	<u>35,016</u>
Total	<u>\$ 146,710</u>

Interest expense recorded on this loan for the years ended September 30, 2019 and 2018, was \$10,272 and \$11,217, respectively, and is included in interest in the accompanying statements of functional expenses.

14. RELATED PARTY TRANSACTIONS

During fiscal years 2019 and 2018, JVS received donated legal services from members of the Board of Directors. During fiscal years 2019 and 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 \$8,770 and \$46,510 for the years ended September 30, 2019 and 2018, 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 27% and 30% of its total funding from two sources for the years ended September 30, 2019 and 2018, respectively. In addition, approximately 61% and 46% of JVS's Federal, state and other program receivables were due from two funding sources as of September 30, 2019 and 2018, respectively. Approximately 33% and 74% of JVS's pledges receivable are from one donor as of September 30, 2019 and 2018, respectively.

16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

JVS's financial assets available within one year from the statement of financial position date for general operating expenses are as follows at September 30, 2019:

Cash and cash equivalents	\$ 6,186,721
Allocations receivable from CJP	1,154,047
Federal, state and other program receivables, net	1,890,784
Current portion of pledges receivable	603,500
Current portion of notes receivable	<u>21,530</u>
Total financial assets	9,856,582
Less - purpose and time restricted net assets	<u>(5,885,775)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,970,807</u>

JEWISH VOCATIONAL SERVICE, INC.

Notes to Financial Statements
September 30, 2019 and 2018

16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

JVS receives a significant portion of its operating revenue and support from grants and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, JVS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. In the event of an unanticipated liquidity need, JVS also could draw upon \$1,250,000 of its line of credit (see Note 7). JVS also has approximately \$1,123,000 of additional long-term investments that could be utilized to meet immediate liquidity needs.