Jewish Community Council of Greater Coney Island Inc.

Independent Auditor's Report and Financial Statements

June 30, 2019 and 2018

BKD
CPAs & Advisors

Jewish Community Council of Greater Coney Island Inc.

June 30, 2019 and 2018

Contents

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Independent Auditor's Report

Board of Directors
Jewish Community Council of Greater Coney Island Inc.
Brooklyn, New York

We have audited the accompanying financial statements of Jewish Community Council of Greater Coney Island Inc., which comprise the statements of financial position as of June 30, 2019, and 2018, and the related statements of activities, functional expenses and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Community Council of Greater Coney Island Inc. as of June 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.

Emphasis of Matter

As described in *Note 11* to the financial statements, during the year ended June 30, 2019, Jewish Community Council of Greater Coney Island Inc. adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

New York, New York
January 17, 2020

Jewish Community Council of Greater Coney Island Inc.

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Grants						
Government	$ 13,941,404	$ -	$ 13,941,404	$ 12,457,397	$ -	$ 12,457,397
Corporate and foundation	21,397,554	-	21,397,554	14,229,316	-	14,229,316
Contributions						
Corporate and foundation	66,781	847,667	914,448	101,052	510,586	611,638
General public	30,204	-	30,204	20,048	834	20,882
Participant contributions	183,256	1,070	184,326	189,513	19,567	209,080
Participant fees	72,278	-	72,278	48,421	-	48,421
In-kind contribution	613,424	-	613,424	440,326	-	440,326
Other income	33,268	-	33,268	37,561	-	37,561
Interest income (net of fees of $7,872 and $7,599 in 2019 and 2018, respectively)	33,966	-	33,966	24,828	-	24,828
Net assets released from restrictions	598,629	(598,629)	-	482,445	(482,445)	-
Total revenues and other support	36,970,764	250,108	37,220,872	28,030,907	48,542	28,079,449
Expenses						
Program services	34,599,969	-	34,599,969	25,756,909	-	25,756,909
Supporting services	2,661,149	-	2,661,149	2,266,781	-	2,266,781
Total expenses	37,261,118	-	37,261,118	28,023,690	-	28,023,690
Change in Net Assets	(290,354)	250,108	(40,246)	7,217	48,542	55,759
Net Assets, Beginning of Year	2,438,521	542,840	2,981,361	2,431,304	494,298	2,925,602
Net Assets, End of Year	$ 2,148,167	$ 792,948	$ 2,941,115	$ 2,438,521	$ 542,840	$ 2,981,361

Jewish Community Council of Greater Coney Island Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services															Supporting Services			Total
	Adult Literacy	Education/ Youth Services	Financial Assistance to Indigent Clients	Other Social Assistance	Senior Citizen Homecare	Senior Citizen Transportation/ Community Shuttle Bus	Vocational Services	Senior Centers	Home Delivered Meals	Technical Assistance	Homebound Senior Visitation Services	Gun Violence Prevention	Urban Neighborhood Multi-Service Center	Domestic Violence	Storm Recovery and Disaster Prevention	Total	Management and General	Fundraising	Total	2019
Salaries	$ 390,595	$ 931,317	$ 251	$ 898,815	$ 646,132	$ 949,458	$ 2,424,623	$ 1,321,236	$ 365,753	$ 57,606	$ 235,513	$ 705,315	$ 73,156	$ 24,876	$ 37,550	$ 9,062,196	$ 1,536,760	$ 53,423	$ 1,590,183	$ 10,652,379
Payroll taxes and employee benefits	57,407	121,579	27	178,143	122,378	188,196	356,513	310,657	113,414	22,837	49,806	120,361	21,730	7,237	9,860	1,680,145	328,305	24,030	352,335	2,032,480
Occupancy	11,800	54,096	-	8,692	5,769	773	366,517	664,509	8,104	-	3,846	64,111	10,155	2,978	-	1,201,350	72,383	-	72,383	1,273,733
Program supplies and expenses	22,863	105,207	1,225	5,618	102	227	8,786	134,760	253	1,695	17,744	69,398	677	-	477	369,032	-	-	-	369,032
Office supplies and expenses	2,283	2,196	1,329	814	395	574	90,552	51,731	1,121	57	2,309	9,074	1,983	-	2,874	167,292	67,781	5,854	73,635	240,927
Equipment and maintenance	3,190	33,089	972	11,184	7,543	3,240	123,499	70,748	1,230	1,864	7	5,428	150	-	1,167	263,311	122,880	-	122,880	386,191
Telephone and postage	18	1,153	-	866	1,992	7,627	9,560	26,102	2	378	2,177	10,621	1,792	582	-	62,870	39,123	5,525	44,648	107,518
Automotive expense	-	-	-	-	-	107,035	-	-	24,869	-	-	-	-	-	-	131,904	-	-	-	131,904
Printing and advertising	1,400	9,559	-	2,844	-	1,863	55,686	639	-	2,420	530	2,481	251	-	28,191	105,864	372	15,113	15,485	121,349
Participant stipends	-	-	-	-	-	-	9,000	-	-	-	-	23,230	-	-	-	32,230	-	-	-	32,230
Recreational and educational consultants	-	-	-	2,580	-	-	-	294,226	-	-	1,120	7,460	-	-	-	305,386	-	-	-	305,386
Professional fees	94	24,344	-	80	4,024	625	378,863	33,589	4,800	63,036	99	14,852	82	-	127,075	651,563	36,141	197,609	233,750	885,313
Food/congregate food expense	-	-	2,004	-	-	-	-	914,821	280,512	-	18,889	-	-	-	-	1,216,226	-	-	-	1,216,226
Transportation services	-	59,962	-	-	-	68,830	248	1,100	-	-	-	2,900	-	-	-	133,040	-	-	-	133,040
Senior citizen transportation services	-	-	-	-	-	2,116,582	-	789	-	-	476	-	-	-	-	2,117,847	-	-	-	2,117,847
Senior citizen homecare	-	-	-	-	16,175,557	-	-	-	-	-	-	-	-	-	-	16,175,557	-	-	-	16,175,557
Staff travel	6,364	158	-	2,331	63	294	1,992	90	-	386	1,083	1,044	-	-	161	13,966	522	111	633	14,599
Insurance	-	-	-	176	-	-	-	-	-	2,309	-	1,705	-	-	-	4,190	70,943	-	70,943	75,133
Dues, fees, subscriptions, honoraria and workshop registration	870	1,209	832	1,013	467	926	1,653	18,453	8	1,062	1,203	936	31	-	-	28,663	47,903	9,435	57,338	86,001
Camp scholarships	-	-	13,400	-	-	-	-	-	-	-	-	-	-	-	-	13,400	-	-	-	13,400
Depreciation and amortization	5,039	13,487	408	11,190	170,178	34,569	43,350	38,422	8,040	1,556	3,372	10,411	1,112	371	2,075	343,580	23,824	3,112	26,936	370,516
Vocational training	-	-	-	-	-	-	498,009	-	-	-	-	-	-	-	-	498,009	-	-	-	498,009
Emergency relief distribution	-	-	22,190	-	-	-	-	-	-	-	-	158	-	-	-	22,348	-	-	-	22,348
Total expenses reported on the statements of activities	$ 501,923	$ 1,357,356	$ 42,638	$ 1,124,346	$ 17,134,600	$ 3,480,819	$ 4,368,851	$ 3,881,872	$ 808,106	$ 155,206	$ 338,174	$ 1,049,485	$ 111,119	$ 36,044	$ 209,430	$ 34,599,969	$ 2,346,937	$ 314,212	$ 2,661,149	$ 37,261,118

Jewish Community Council of Greater Coney Island Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services									
	Adult Literacy	Education/ Youth Services	Financial Assistance to Indigent Clients	Other Social Assistance	Senior Citizen Homecare	Senior Citizen Transportation/ Community Shuttle Bus	Vocational Services	Senior Centers	Home Delivered Meals	Technical Assistance
Salaries	$ 361,581	$ 861,436	$ 150	$ 662,474	$ 544,490	$ 804,729	$ 1,630,493	$ 1,190,314	$ 397,702	$ 35,980
Payroll taxes and employee benefits	50,372	114,083	17	160,893	107,676	165,276	242,078	300,309	106,076	15,835
Occupancy	18,388	53,999	-	5,399	10,798	2,699	285,989	440,325	7,182	-
Program supplies and expenses	16,329	99,986	208	3,447	73	694	2,651	193,728	25,871	420
Office supplies and expenses	2,982	1,373	1,329	137	100	2,888	34,302	45,763	777	44
Equipment and maintenance	6,731	2,156	892	470	1,440	13,898	43,597	76,338	-	270
Telephone and postage	70	883	-	163	1,700	8,792	10,051	23,727	19	381
Automotive expense	-	-	11	-	-	91,241	-	85	25,876	-
Printing and advertising	1,600	1,539	-	969	68	947	2,713	-	2,630	4,718
Participant stipends	-	-	-	-	-	-	-	-	-	-
Recreational and educational consultants	-	-	-	-	-	-	-	284,349	-	-
Professional fees	-	12,400	-	550	50	977	387,113	36,010	4,800	46,485
Food/congregate food expense	-	-	2,000	-	-	-	-	821,125	252,107	-
Transportation services	-	37,775	-	-	-	-	303	-	-	-
Senior citizen transportation services	-	-	302	-	-	1,545,588	-	3,278	-	-
Senior citizen homecare	-	-	-	-	10,367,174	-	-	-	-	-
Staff travel	4,645	88	-	203	30	113	1,765	167	-	326
Insurance	-	-	-	-	-	-	-	-	-	2,357
Dues, fees, subscriptions, honoraria and workshop registration	614	924	703	147	132	530	704	13,981	41	1,048
Camp scholarships	-	-	8,700	8,700	-	-	-	-	-	-
Depreciation and amortization	6,510	16,673	470	11,853	155,032	37,661	44,720	48,187	11,565	1,516
Vocational training	-	-	-	-	-	-	540,916	-	-	-
Subcontracting	-	-	-	-	-	41,968	-	-	-	-
Emergency relief distribution	-	-	19,166	-	-	-	-	-	-	-
Total expenses reported on the statements of activities	$ 469,822	$ 1,203,315	$ 33,948	$ 855,405	$ 11,188,763	$ 2,718,001	$ 3,227,395	$ 3,477,686	$ 834,646	$ 109,380

	Program Services (continued)						Supporting Services				Total
	Homebound Senior Visitation Services	Gun Violence Prevention	Urban Neighborhood Multi-Service Center	Domestic Violence	Storm Recovery and Disaster Prevention	Total	Management and General	Fundraising	Other Superstorm Sandy	Total	2018
Salaries	$ 228,981	$ 538,112	$ 66,981	$ 18,499	$ 140,437	$ 7,482,359	$ 1,332,693	$ 43,659	$ -	$ 1,376,352	$ 8,858,711
Payroll taxes and employee benefits	55,583	88,035	16,637	4,845	23,525	1,451,240	268,713	9,066	-	277,779	1,729,019
Occupancy	5,399	55,176	11,053	3,166	-	899,573	86,049	-	-	86,049	985,622
Program supplies and expenses	19,974	180,427	324	498	144	544,774	-	-	-	-	544,774
Office supplies and expenses	318	11,874	383	881	248	103,399	49,752	5,576	2,400	57,728	161,127
Equipment and maintenance	2,824	16,144	-	3,030	839	168,629	79,840	850	3,717	84,407	253,036
Telephone and postage	1,398	8,773	26	2,634	-	58,617	26,883	6,222	8	33,113	91,730
Automotive expense	-	-	-	-	-	117,213	201	-	-	201	117,414
Printing and advertising	2,175	8,129	-	-	2,137	27,625	1,548	10,338	-	11,886	39,511
Participant stipends	-	32,704	-	-	-	32,704	-	-	-	-	32,704
Recreational and educational consultants	1,240	6,850	-	-	-	292,439	-	-	-	-	292,439
Professional fees	896	8,728	45	109	24,926	523,089	78,387	114,697	-	193,084	716,173
Food/congregate food expense	13,295	-	-	-	-	1,088,527	-	-	-	-	1,088,527
Transportation services	65	-	-	-	-	38,143	-	-	-	-	38,143
Senior citizen transportation services	485	-	-	-	-	1,549,653	-	-	-	-	1,549,653
Senior citizen homecare	-	-	-	-	-	10,367,174	-	-	-	-	10,367,174
Staff travel	1,022	1,122	45	36	6	9,568	1,179	108	-	1,287	10,855
Insurance	-	1,474	-	-	-	3,831	59,330	-	-	59,330	63,161
Dues, fees, subscriptions, honoraria and workshop registration	790	1,379	-	-	191	21,184	46,427	7,730	-	54,157	75,341
Camp scholarships	-	-	-	-	-	17,400	-	-	-	-	17,400
Depreciation and amortization	4,699	13,484	1,342	473	2,704	356,889	28,537	2,785	86	31,408	388,297
Vocational training	-	-	-	-	-	540,916	-	-	-	-	540,916
Subcontracting	-	-	-	-	-	41,968	-	-	-	-	41,968
Emergency relief distribution	-	829	-	-	-	19,995	-	-	-	-	19,995
Total expenses reported on the statements of activities	$ 339,144	$ 973,240	$ 96,836	$ 34,171	$ 195,157	$ 25,756,909	$ 2,059,539	$ 201,031	$ 6,211	$ 2,266,781	$ 28,023,690

Jewish Community Council of Greater Coney Island Inc.

Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash	$ 1,173,684	$ 3,722,834
Cash, board-designated	78,792	77,843
Investment, FJC Agency Loan Fund	804,675	772,922
Grants receivable	7,931,504	3,959,676
Contributions receivable	50,000	22,000
Prepaid and other current assets	82,531	132,338
Total current assets	10,121,186	8,687,613
Property and equipment, net	1,267,271	1,460,153
Total assets	$ 11,388,457	$ 10,147,766
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 8,178,061	$ 4,758,963
Accrued vacation	261,001	218,943
Grant advances	8,280	2,188,499
Total liabilities	8,447,342	7,166,405
Net Assets		
Without donor restrictions		
Undesignated	802,104	900,525
Board-designated	78,792	77,843
Invested in property and equipment	1,267,271	1,460,153
Total net assets without donor restrictions	2,148,167	2,438,521
With donor restrictions		
Purpose restrictions	792,948	542,840
Total net assets	2,941,115	2,981,361
Total liabilities and net assets	$ 11,388,457	$ 10,147,766

Jewish Community Council of Greater Coney Island Inc.

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	$ (40,246)	$ 55,759
Items not requiring (providing) operating cash flows		
Depreciation and amortization	370,515	388,297
Loss on disposal of property and equipment	6,764	-
Changes in		
Grants receivable	(3,971,828)	3,736,800
Contributions receivable	(28,000)	(22,000)
Prepaid and other assets	49,807	(19,058)
Accounts payable and accrued expenses	3,419,098	(3,267,737)
Accrued vacation	42,058	31,872
Grant advances	(2,180,219)	2,184,047
Net cash provided by (used in) operating activities	(2,332,051)	3,087,980
Investing Activities		
Capital expenditures	(184,397)	(420,004)
Purchase of investments	(31,753)	(23,938)
Net cash used in investing activities	(216,150)	(443,942)
Financing Activities		
Proceeds from line of credit	-	400,000
Payments on line of credit	-	(400,000)
Net cash provided by financing activities	-	-
Net Change in Cash	(2,548,201)	2,644,038
Cash, Beginning of Year	3,800,677	1,156,639
Cash, End of Year	$ 1,252,476	$ 3,800,677
Supplemental Cash Flows Information		
Cash paid during the year for interest	$ -	$ 5,871
Reconciliation of Cash, End of Year		
Cash	$ 1,173,684	$ 3,722,834
Cash, board designated	78,792	77,843
	$ 1,252,476	$ 3,800,677

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Jewish Community Council of Greater Coney Island Inc. (JCCGCI) is a community-based organization with a citywide scope, providing a wide-spectrum of senior citizen, vocational, educational, crime-reduction, community revitalization and related services benefiting all segments of the population. JCCGCI is also a technical assistance provider, offering capacity building services to nonprofits in all five boroughs through its NonProfit HelpDesk division. With 40 program sites throughout New York City staffed by almost 350 social service professionals, JCCGCI assists an average of upwards of 2,500 needy individuals and families each day.

JCCGCI's revenues and other support are derived principally from contributions and grants from various government agencies, foundations and corporations, and its activities are conducted in the New York City area.

Use of Estimates

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

Investment – FJC Agency Loan Fund and Net Investment Return

The investment in the FJC Agency Loan Fund is recorded at fair value based upon the cash liquidation value as provided by the manager of the fund. Investment return includes interest on investments carried at fair value; less external and direct internal investment expenses.

Grants Receivable

Grants receivable from contracting agencies are recorded when earned and stated at the amount billed. Interest is not charged or accrued on outstanding receivables.

Allowance for Doubtful Accounts

JCCGCI has determined that no allowance for uncollectible accounts for grants or contributions receivable is necessary as of June 30, 2019 and 2018. Such estimate is based on management's assessment of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions, subsequent receipts and historical information.

Property and Equipment

Property and equipment acquisitions over $5,000 as of June 30, 2019 and $1,000 as of June 30, 2018 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and equipment	3-10 years
Leasehold improvements	5-20 years

Long-Lived Asset Impairment

JCCGCI evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized for the years ended June 30, 2019 and 2018, respectively.

Grant Advances

Advance payments from contracting agencies that are not yet earned are recorded as liabilities until earned.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. These include undesignated net assets, board-designated net assets, and net assets representing the net investment in property and equipment.

Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Grants

Expense-based grants are recognized into revenue as allowable expenses are incurred. Performance-based grants are recognized into revenue as milestones are achieved. Revenues from contracting agencies are subject to audit by the agencies. No provision for any disallowance is reflected in the financial statements, since management does not anticipate any material adjustments.

Contributions

Contributions are provided to JCCGCI either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on a future and uncertain event	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed condition is substantially met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

In-Kind Contributions

In addition to receiving cash contributions, JCCGCI receives in-kind contributions of donated rent and utilities and donated food from various donors. It is the policy of JCCGCI to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2019 and 2018, donated rent and utilities of $572,142 and $391,099 and donated food of $41,282 and $49,227, respectively, were received as in-kind contributions.

Income Taxes

JCCGCI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, JCCGCI is subject to federal income tax on any unrelated business taxable income. JCCGCI files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the square footage and other methods. Expenses incurred as a result of Superstorm Sandy, which are not directly related to program services, have been included as other supporting services in the statements of functional expenses.

Rent Expense

JCCGCI leases space at various locations. All leases are operating leases, and the expense is recognized on the first day of each month for the current month's rent. All leases are reflected on the straight-line basis. Deferred rent is recorded when there is a material difference between the fixed payment and the straight-line rent expense.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2019 and 2018 were $57,200 and $19,963, respectively.

Subsequent Events

Subsequent events have been evaluated through January 17, 2020, which is the date the financial statements were available to be issued.

Note 2: Investments and Fair Value Measurements

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	2019	2018
FJC Agency Loan Fund - Level 2	$ 804,675	$ 772,922

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2019 and 2018.

FJC Agency Loan Fund: Valued based upon the cash liquidation value as provided by the manager of the fund.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 2 Gains and Losses

The table below sets forth a summary of changes in the fair value of JCCGCI's Level 2 assets for the years ended June 30, 2019 and 2018:

	2019	2018
FJC Agency Loan Fund		
Balance, beginning of year	$ 772,922	$ 748,984
Interest income (reinvested)	39,625	31,537
Fees	(7,872)	(7,599)
Balance, end of year	$ 804,675	$ 772,922

Agency Loan Fund

Participation in a pool of loans made to not-for-profit entities providing interest income on a quarterly basis.

2019 Fair Value	2018 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
$ 804,675	$ 772,922	$ -	N/A	5 days

Note 3: Corporate and Foundation Grants

Included in corporate and foundation grants are amounts received and expended from the Conference on Jewish Material Claims Against Germany, Inc. for Holocaust-related programs including the German Government Grant. Amounts for the years ended June 30, 2019 and 2018 totaled $20,114,740 and $12,959,461, respectively.

Note 4: Occupancy

JCCGCI occupies a portion of an office building, which includes its main office along with one of its senior centers without incurring rent and related costs. The building is rented by the City of New York Department of Citywide Administrative Services, which donates the space to JCCGCI. The lease between the City of New York and the landlord expires on May 31, 2022. $268,542 and $201,559 of rent and utilities paid by the City of New York has been included in these financial statements as an in-kind contribution for the period that JCCGCI occupied the facilities for the years ended June 30, 2019 and 2018, respectively.

Additionally, two of JCCGCI's senior centers receive donated space in buildings owned by the New York City Housing Authority (NYCHA). This amount has been included in these financial statements as an in-kind contribution for the years ended June 30, 2019 and 2018, at an estimated value of $303,600 and $189,540, respectively.

In addition to multiple short-term operating leases (less than one year), JCCGCI has eleven operating lease agreements extending beyond the fiscal year-end, including one lease that was entered into subsequent to year-end. These leases expire at various dates from 2020 through 2023.

The following are the total future minimum rental payments required under the operating leases:

Year Ended June 30	
2020	$ 538,257
2021	429,036
2022	358,393
2023	43,929
	$ 1,369,615

Total rent expense for the years ended June 30, 2019 and 2018 was $1,235,941 and $948,911, respectively.

Note 5: Fixed Assets

	2019	2018
Furniture and equipment	$ 2,330,422	$ 2,360,703
Leasehold improvements	1,606,093	1,535,446
Construction in progress	139,723	69,260
	4,076,238	3,965,409
Accumulated depreciation	(1,595,306)	(1,419,661)
Accumulated amortization	(1,213,661)	(1,085,595)
	(2,808,967)	(2,505,256)
	$ 1,267,271	$ 1,460,153

Included in furniture and equipment is $355,500 of vehicles, which are subject to a lien from the Department for the Aging (DFTA) and $115,766 of equipment, which is subject to a lien from the Department of Design and Construction (DDC). These liens state that, in the event of program termination, the assets purchased from grant funds will be returned to the funding source.

Note 6: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes:

	2019	2018
After school programs	$ 11,800	$ 6,492
Camp scholarships	3,535	10,127
Capacity building	78,196	31,425
Emergency Relief	-	18
Food pantry	81	121
Food pantry - Passover	17,766	14,299
Friendly visiting	5,143	5,017
Homecare	84,819	30,236
Horizons academy	119,028	109,035
Matching for Claims Conference/Holocaust services	216,670	127,178
Sunday program	18,816	24,089
Senior Program	5,151	-
Transportation	54,930	2,219
Urban Neighborhood Services	62	459
Hurricane Sandy - Victim Assistance	-	2,948
Hurricane Sandy - Rebuilding	176,951	179,177
	$ 792,948	$ 542,840

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2019	2018
After school programs	$ 6,492	$ 8,508
Camp scholarships	14,807	14,140
Capacity building	53,229	68,575
Emergency relief	244	6,400
Food pantry	40	19,531
Food pantry - Passover	19,930	9,718
Friendly visiting	74	91,386
Homecare	25,925	5,330
Horizons academy	95,007	153,813
Matching for Claims Conference/Holocaust services	150,844	2,000
Senior programs	11,842	35,340
Sunday program	25,773	16,081
Transportation	188,851	35,092
Urban Neighborhood Services	397	541
Hurricane Sandy - Victim Assistance	2,948	8,700
Hurricane Sandy - Rebuilding	2,226	7,290
	$ 598,629	$ 482,445

Note 7: Retirement Plan

JCCGCI has a 403(b) plan for employees. JCCGCI does not contribute to the plan.

Note 8: Line of Credit

JCCGCI maintained a $400,000 line of credit, bearing interest at 10.023 percent plus the British Bankers Association (BBA) LIBOR, for an effective interest rate of 12.05261 percent as of June 30, 2018. Interest expense for the years ended June 30, 2019 and 2018 was $0 and $5,871, respectively, and is recorded as dues, fees, subscriptions, honoraria and workshops in the statements of functional expenses. The line was secured by all business assets, inventory, equipment, general intangibles, chattel paper, documents, instruments and letter of credit rights of JCCGCI, as applicable. The line expired on June 1, 2019, and all fees for maintaining the open line were waived. All balances were paid off prior to June 30, 2019 and 2018. JCCGCI is in the process of reestablishing the line of credit, but the paperwork has not been finalized as of the date of the financial statements.

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, comprise the following:

	2019	2018
Total financial assets (excludes prepaid and other current assets and property and equipment)	$ 10,038,655	$ 8,555,275
Donor imposed restrictions		
Restricted funds	(792,948)	(542,840)
Net financial assets after donor imposed restrictions	9,245,707	8,012,435
Internal designations		
Board-designated	(78,792)	(77,843)
Financial assets available to meet cash needs for general expenditures within one year	$ 9,166,915	$ 7,934,592

The board-designated fund had a balance of $78,792 and $77,843 at June 30, 2019 and 2018, respectively. Although JCCGCI does not intend to spend from this fund, these amounts could be made available if necessary.

JCCGCI manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs and maintaining sufficient liquidity to provide reasonable assurance that long-term obligations will be discharged. JCCGCI monitors liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

Note 10: Significant Estimates, Concentrations and Contingencies

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Cash

Financial instruments which potentially subject the organization to a concentration of credit risk are cash accounts with financial institutions in New York City which during the year had balances in excess of FDIC insurance limits.

Investments

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

Grants

Grant revenues are primarily from the Conference on Jewish Material Claims Against Germany, Inc. (57 percent and 49 percent for the years ended June 30, 2019 and 2018, respectively), and New York City agencies (31 percent and 40 percent for the years ended June 30, 2019 and 2018, respectively). Grant receivables are primarily from New York City agencies (40 percent and 65 percent as of June 30, 2019 and 2018, respectively), and the conference on Jewish Material Claims Against Germany, Inc. (45 percent and 0 percent as of June 30, 2019 and 2018, respectively).

JCCGCI receives grants from various state and city government agencies performed under contracts. Such contracts are subject to governmental compliance audits from the granting agencies, as well as the New York State Office of the Attorney General, the Internal Revenue Service and the New York State Department of Charities Registration, and may, from time to time, result in adjustments to fees and grants received. In the opinion of JCCGCI, the disposition of all such matters should not have a material effect on JCCGCI's financial position or change in net assets.

General Litigation

JCCGCI is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of JCCGCI. Events could occur that would change this estimate materially in the near-term.

Note 11: Change in Accounting Principle

During the year ended June 30, 2019, JCCGCI adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Statements of Activities and Functional Expenses

- Expenses are reported by both nature and function in one location.
- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.
- Amounts and purposes of governing board designations and appropriations as of the end of the period are disclosed.

This change had no impact on previously reported total change in net assets.

Note 12: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018 (December 15, 2017, for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2019 (December 15, 2018, for not-for-profits that are conduit debt obligors). JCCGCI is in the process of evaluating the effect the amendment will have on the financial statements.

Grants and Contributions

FASB released ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers,* or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is non-exchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for reporting periods beginning on or after December 15, 2018. JCCGCI is in the process of evaluating the impact the amendment will have on the financial statements.

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2020, and any interim periods within annual reporting periods that begin after December 15, 2021. JCCGCI is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.