Financial statements of:

JEWISH COMMUNITY ACTION

Year ended
June 30, 2015

SDK
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Community Action
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Community Action which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and change in net assets, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Community Action as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 28, 2016

JEWISH COMMUNITY ACTION

Assets:		
Current assets:		
Cash and cash equivalents	$	260,246
Investments		97,206
Grants receivable		86,030
Prepaid expenses		1,529
Total current assets		445,011
Furniture and equipment		50,037
Less accumulated depreciation		34,272
		15,765
Other asset, security deposits		1,283
Total assets	$	462,059
Liabilities and net assets:		
Current liabilities:		
Accounts payable	$	16,029
Accrued expenses		28,921
Capital lease obligation		3,468
Total current liabilities		48,418
Net assets:		
Unrestricted		226,641
Temporarily restricted		187,000
		413,641
Total liabilities and net assets	$	462,059

See notes to financial statements.

	Unrestricted	Temporarily restricted	Total
Revenues, gains and other support:			
Contributions	$ 405,741		$ 405,741
Grants	126,939	$ 241,000	367,939
Investment income	10,305		10,305
Miscellaneous	630		630
Net assets released from restrictions	89,667	(89,667)	-
Total revenues, gains and other support	633,282	151,333	784,615
Functional expenses:			
Program services	418,885		418,885
Management and general	70,689		70,689
Fundraising	60,418		60,418
Total expenses	549,992		549,992
Change in net assets	83,290	151,333	234,623
Net assets, beginning of period	143,351	35,667	179,018
Net assets, end of period	$ 226,641	$ 187,000	$ 413,641

See notes to financial statements.

Cash flows from operating activities:	
Change in net assets	$ 234,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,133
Unrealized gain on investments	(8,136)
Donated marketable security	(10,065)
Loss on sale of donated marketable security	339
Proceeds from sale of donated marketable security	9,726
(Increase) decrease in:	
Receivables	(46,030)
Prepaid expenses	4,546
Increase (decrease) in:	
Accounts payable	14,505
Accrued expenses	2,049
Deferred rent	(840)
Net cash provided by operating activities	204,850
Cash flows used in investing activity, purchase of furniture and equipment	(12,522)
Cash flows used in financing activity, payments on capital lease obligation	(3,746)
Net increase in cash and cash equivalents	188,582
Cash and cash equivalents, beginning of period	71,664
Cash and cash equivalents, end of period	$ 260,246
Supplemental disclosure of cash flow information:	
Cash paid during the period for interest	$ 637

See notes to financial statements.

	Program Services	Supporting Services: Management & general	Supporting Services: Fundraising	Supporting Services: Total support services	Total expenses
Salaries & wages	$ 296,014	$ 37,002	$ 37,002	$ 74,004	$ 370,018
Payroll taxes & benefits	45,706	5,713	5,713	11,426	57,132
Professional fees	2,457	13,982	1,626	15,608	18,065
Fundraising expenses			8,528	8,528	8,528
Supplies	1,482	185	185	370	1,852
Telephone	1,687	211	211	422	2,109
Postage	2,469	145	291	436	2,905
Office rent	24,825	3,103	3,103	6,206	31,031
Interest	478	64	96	160	638
Insurance	3,365	5,048		5,048	8,413
Program expenses	9,504				9,504
Printing & publication	2,371	139	279	418	2,789
Travel	3,941				3,941
Meetings & training	2,760	327	164	491	3,251
Depreciation	3,307	413	413	826	4,133
Dues & subscriptions	505	505		505	1,010
Contributions	400				400
Small equipment and repairs	10,014	1,335	2,003	3,338	13,352
Fees		762	804	1,566	1,566
Other costs	7,600	1,755		1,755	9,355
Total expenses	$ 418,885	$ 70,689	$ 60,418	$ 131,107	$ 549,992

See notes to financial statements.

1. Summary of significant accounting policies:

Nature of business:

Jewish Community Action (the Organization) is a non-profit organization that works to bring together Jewish people from diverse traditions and perspectives to promote understanding and take action on social and economic justice issues in Minnesota. Initiatives include affordable housing, community reinvestment, immigration rights, and racial justice. Financial support comes from private foundations and individual contributions.

Cash and cash equivalents:

Cash and cash equivalents includes investments in a money market fund and other highly liquid investments purchased with original maturities of three months or less.

Investments:

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value with the unrealized gains or losses recorded in the statements of activities. At times, investments may be held in cash and cash equivalents.

Investments include a mutual fund which is recorded at fair market value. Investment income or loss, including interest and dividends, realized gains and losses, and unrealized gains and losses are recorded in the statement of activities as investment gains (losses).

Fair value:

The Organization's financial instruments include cash and cash equivalents, grants receivable and accounts payable which are carried at amounts that approximate fair value, due to the relative short-term nature of these instruments.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

1. Summary of significant accounting policies (continued):

Fair value (continued):

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Grants receivable:

Grants receivable are recorded when promised and stated at the estimated net realizable value after an allowance for doubtful accounts. The Organization evaluates the allowance for doubtful accounts using current year account activity and historical trend information.

After management has used exhaustive collection efforts, grants receivable are written-off through a charge to the allowance for doubtful accounts. Collection on amounts previously written-off are included in income as received. There was no allowance at June 30, 2015, as all amounts due were considered collectible.

Revenue recognition:

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation.

Furniture and equipment and depreciation:

Furniture and equipment are stated at the purchased cost. Depreciation of furniture and equipment is calculated using the straight-line method over the estimated useful lives of the assets. All capital expenditures greater than $500 are capitalized by the Organization.

Deferred rent:

Deferred rent arises from the differences between actual rent paid and rent expense recognized on the straight-line basis.

1. Summary of significant accounting policies (continued):

Net assets:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires by the satisfaction of a donor restricted purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2015, there are no permanently restricted net assets.

Functional expenses:

Expenses are charged to program and supporting services classifications on the basis of time spent and estimates made by the Organization's management.

Donated marketable securities:

The Organization's policy is to convert donated marketable securities into cash within days of receipt.

Income taxes:

The Organization is exempt, as a public charity, from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that required adjustment to the financial statements to comply with the provisions of guidance related to uncertain tax positions. The Organization's federal tax returns generally remaining open for examination are the last three years from the filing date and tax filings are current.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent events:

Management has evaluated for subsequent events through November 28, 2016, the date the financial statements were available for issuance.

2. Concentration of credit and other risks:

The Organization maintains cash balances in local financial institutions. At times balances may exceed federally insured limits. The Organization has not experienced any loss associated with this practice.

The Organization derived approximately 35% of its total support from its top three donors during the year ended June 30, 2015.

3. Grants receivable:

Grants receivable at June 30, 2015 are all due in less than one year.

4. Investments and fair value measurements:

Investments, at fair value, consist of the following at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Equity mutual funds, large blend	$ 97,206	$ 0	$ 0	$ 97,206

5. Line of credit:

The Organization had a $30,000 unsecured line of credit that expired December 12, 2014 and was not renewed.

6. Temporarily restricted net assets:

Temporarily restricted net assets consist of the following unspent contributions with donor-imposed restrictions:

Memberships and Communication	$ 175,000
Youth Work	12,000
	$ 187,000

7. Net assets released from restrictions:

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor are as follows:

Housing	$ 5,000
Foreclosure issues	72,667
Youth Work	12,000
	$ 89,667

8. Commitments:

Operating leases:

The Organization rents their office and conference space by an agreement that expires August 31, 2015. The Organization signed a renewal that expires August 31, 2019. Monthly rental payments have an escalation clause; however, rent expense is recognized on the straight-line method over the life of the lease. In addition, the Organization rents equipment for their office. Total rent expense was approximately $31,000 for the year ended June 30, 2015.

Minimum future lease payments for the above described operating leases are as follows:

2016	$ 29,496
2017	30,226
2018	31,132
2019	32,064
2020	5,370
	$ 128,288

Capital lease:

The Organization leased a copier under a four year agreement, which is substantially the same as a purchase agreement, as of April 27, 2012. Consequently, the asset is capitalized and the related obligation recorded as a liability.

The following is an analysis of property under capitalized lease:

Furniture and equipment	$ 14,000
Less accumulated amortization	11,083
	$ 2,917

Amortization of property under capitalized lease, determined using straight-line method over the useful life of the asset, totaled $3,500 in 2015 and is included in depreciation expense.

Future minimum lease payments under the capitalized lease, excluding interest are $3,468 for the year ending June 30, 2015.

9. Retirement plan:

The Organization has a defined contribution Simplified Employee Pension Plan (the Plan) under Section 408(k) of the Internal Revenue Code, for employees who meet certain eligibility requirements. Contributions to the Plan are not to exceed 6% of the gross salary of eligible employees and are at the discretion of the Board of Directors. The related expense, included in salaries and wages, was $7,754 for the year ended June 30, 2015.