

*Financial statements of:*

**JEWISH COMMUNITY ACTION**

Years ended  
June 30, 2016 and 2015

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## INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors  
Jewish Community Action  
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Jewish Community Action (the Company) which comprise the statement of financial position as of June 30, 2016, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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 the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of Jewish Community Action, as of and for the year ended June 30, 2015, were audited by us and our report dated November 28, 2016, expressed an unmodified opinion on those statements.

*Schechter, Doherty & Kantor  
Andrew E. Silverstein*

April 26, 2017

**JEWISH COMMUNITY ACTION**  
(See Independent Accountant's Report)

STATEMENTS OF FINANCIAL POSITION  
JUNE 30

	<b>2016</b>	<b>2015</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 270,674	\$ 260,246
Investments	97,519	97,206
Grants receivable		86,030
Prepaid expenses	3,987	1,529
	<u>372,180</u>	<u>445,011</u>
Total current assets		
Furniture and equipment	50,037	50,037
Less accumulated depreciation	39,693	34,272
	<u>10,344</u>	<u>15,765</u>
Security deposits	1,283	1,283
	<u>1,283</u>	<u>1,283</u>
Total assets	<u>\$ 383,807</u>	<u>\$ 462,059</u>
<b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable		\$ 16,029
Accrued expenses	\$ 31,822	28,921
Capital lease obligation		3,468
	<u>31,822</u>	<u>48,418</u>
Total current liabilities		
Net assets:		
Unrestricted	252,485	226,641
Temporarily restricted	99,500	187,000
	<u>351,985</u>	<u>413,641</u>
Total liabilities and net assets	<u>\$ 383,807</u>	<u>\$ 462,059</u>

See notes to financial statements.

**JEWISH COMMUNITY ACTION**  
(See Independent Accountant's Report)

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	2016 (Reviewed)		
	Unrestricted	Temporarily restricted	Total
Revenues, gains and other support:			
Contributions	\$ 176,070		\$ 176,070
Grants	350,903	12,000	362,903
Investment income	400		400
Miscellaneous	1,827		1,827
20th Birthday celebration, net of expenses	16,883		16,883
Net assets released from restrictions	99,500	(99,500)	
Total revenues, gains and other support	<u>645,583</u>	<u>(87,500)</u>	<u>558,083</u>
Functional expenses:			
Program services	486,227		486,227
Management and general	72,121		72,121
Fundraising	61,391		61,391
Total expenses	<u>619,739</u>		<u>619,739</u>
Change in net assets	25,844	(87,500)	(61,656)
Net assets, beginning of period	<u>226,641</u>	<u>187,000</u>	<u>413,641</u>
Net assets, end of period	<u>\$ 252,485</u>	<u>\$ 99,500</u>	<u>\$ 351,985</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30

2015 (Audited)		
Unrestricted	Temporarily restricted	Total
\$ 367,939		\$ 367,939
164,741	\$ 241,000	405,741
10,305		10,305
630		630
<u>89,667</u>	<u>(89,667)</u>	
<u>633,282</u>	<u>151,333</u>	<u>784,615</u>
418,885		418,885
70,689		70,689
<u>60,418</u>		<u>60,418</u>
<u>549,992</u>		<u>549,992</u>
83,290	151,333	234,623
<u>143,351</u>	<u>35,667</u>	<u>179,018</u>
<u>\$ 226,641</u>	<u>\$ 187,000</u>	<u>\$ 413,641</u>

**JEWISH COMMUNITY ACTION**  
(See Independent Accountant's Report)

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30

	<u>2016</u> <b>(Reviewed)</b>	<u>2015</u> (Audited)
Cash flows from operating activities:		
Change in net assets	\$ (61,656)	\$ 234,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,421	4,133
Unrealized gain on investments	(313)	(8,136)
Donated marketable security	(6,064)	(10,065)
Loss on sale of donated marketable security	440	339
Proceeds from sale of donated marketable security	5,624	9,726
(Increase) decrease in:		
Receivables	86,030	(46,030)
Prepaid expenses	(2,458)	4,546
Increase (decrease) in:		
Accounts payable	(16,029)	14,505
Accrued expenses	2,901	1,209
	<u>13,896</u>	<u>204,850</u>
Net cash provided by operating activities		
Cash flows used in investing activity, purchase of furniture and equipment		<u>(12,522)</u>
Cash flows used in financing activity, payments on capital lease obligation	<u>(3,468)</u>	<u>(3,746)</u>
Net increase in cash and cash equivalents	10,428	188,582
Cash and cash equivalents, beginning of period	<u>260,246</u>	<u>71,664</u>
Cash and cash equivalents, end of period	<u>\$ 270,674</u>	<u>\$ 260,246</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	<u>\$ 185</u>	<u>\$ 638</u>

See notes to financial statements.



**JEWISH COMMUNITY ACTION**

(See Independent Accountant's Report)

	<b>2016 (Reviewed)</b>				
	<b>Supporting Services</b>			<b>Total</b>	<b>Total</b>
	<b>Program</b>	<b>Management</b>		<b>support</b>	<b>expenses</b>
	<b>Services</b>	<b>&amp; general</b>	<b>Fundraising</b>	<b>services</b>	
Salaries & wages	\$ 366,957	\$ 45,870	\$ 45,870	\$ 91,740	\$ 458,697
Payroll taxes & benefits	38,907	4,863	4,863	9,726	48,633
Professional fees	1,618	9,209	1,071	10,280	11,898
Fundraising expenses			288	288	288
Supplies	1,995	250	250	500	2,495
Telephone	2,115	265	265	530	2,645
Postage	1,692	100	199	299	1,991
Office rent	23,237	2,905	2,905	5,810	29,047
Interest	138	19	28	47	185
Insurance	2,488	3,731		3,731	6,219
Program expenses	14,877				14,877
Printing & publication	2,076	122	244	366	2,442
Travel	7,145				7,145
Meetings & training	4,630	547	274	821	5,451
Depreciation	4,337	542	542	1,084	5,421
Dues & subscriptions	573	573		573	1,146
Contributions	3,874				3,874
Small equipment and repairs	9,568	1,276	1,914	3,190	12,758
Fees		584	2,678	3,262	3,262
Other costs	-	1,265		1,265	1,265
<b>Total expenses</b>	<b>\$ 486,227</b>	<b>\$ 72,121</b>	<b>\$ 61,391</b>	<b>\$ 133,512</b>	<b>\$ 619,739</b>

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30

2015 (Audited)				
Supporting Services				
Program Services	Management & general	Fundraising	Total support services	Total expenses
\$ 296,014	\$ 37,002	\$ 37,002	\$ 74,004	\$ 370,018
45,706	5,713	5,713	11,426	57,132
2,457	13,982	1,626	15,608	18,065
		8,528	8,528	8,528
1,482	185	185	370	1,852
1,687	211	211	422	2,109
2,469	145	291	436	2,905
24,825	3,103	3,103	6,206	31,031
478	64	96	160	638
3,365	5,048		5,048	8,413
9,504				9,504
2,371	139	279	418	2,789
3,941				3,941
2,760	327	164	491	3,251
3,307	413	413	826	4,133
505	505		505	1,010
400				400
10,014	1,335	2,003	3,338	13,352
	762	804	1,566	1,566
7,600	1,755		1,755	9,355
<u>\$ 418,885</u>	<u>\$ 70,689</u>	<u>\$ 60,418</u>	<u>\$ 131,107</u>	<u>\$ 549,992</u>

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, 2016 and 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, 2016 and 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 in the United States of America 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 April 26, 2017, 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 22% and 35% of its total support from its top three donors during the years ended June 30, 2016 and 2015, respectively.

3. Investments and fair value measurements:

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

	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds, large blend	<u>\$ 97,519</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,519</u>

	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds, large blend	<u>\$ 97,206</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,206</u>

4. Temporarily restricted net assets:

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

	<u>2016</u>	<u>2015</u>
Memberships and Communication	<u>\$ 87,500</u>	\$ 175,000
Youth Work	<u>12,000</u>	<u>12,000</u>
	<u>\$ 99,500</u>	<u>\$ 187,000</u>

5. 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:

	<u>2016</u>	<u>2015</u>
Housing		\$ 5,000
Foreclosure issues		72,667
Youth Work	<u>\$ 12,000</u>	12,000
Membership and communication	<u>87,500</u>	
	<u>\$ 99,500</u>	<u>\$ 89,667</u>

6. Commitments:

Operating leases:

The Organization rents their office and conference space under an agreement that expires on 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 \$29,000 and \$31,000 for the years ended June 30, 2016 and 2015, respectively.

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

2017	\$ 30,226
2018	31,132
2019	32,064
2020	<u>5,370</u>
	<u>\$ 98,792</u>

Capital lease:

The Organization leased a copier under a four year agreement, which was substantially the same as a purchase agreement, as of April 27, 2012. Consequently, the asset was capitalized and the related obligation recorded as a liability. The lease expired on April 30, 2016 and the property is no longer subject to capital lease.

The following is an analysis of the property under the capital lease:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 14,000	\$ 14,000
Less accumulated amortization	<u>14,000</u>	<u>11,083</u>
	<u>\$ 0</u>	<u>\$ 2,917</u>

Amortization of the property under the capital lease, determined using straight-line method over the useful life of the asset, totaled \$2,917 and \$3,500 in 2016 and 2015, respectively, and is included in depreciation expense.

7. 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 \$10,000 and \$7,754 for the years ended June 30, 2016 and 2015, respectively.