JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY

The Jewish Board

Health and Human Services for All New Yorkers

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2019

MARKS PANETH

ACCOUNTANTS & ADVISORS

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2019

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
Jewish Board of Family and Children's Services, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of the Jewish Board of Family and Children's Services, Inc. and Subsidiary ("The Jewish Board") which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Board as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, during the year ended June 30, 2019, The Jewish Board adopted Accounting Standards Update 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 21 - 23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position of the individual subsidiaries and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
November 26, 2019

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS		2019
Cash and cash equivalents (Notes 2C and 17A)	$	7,425,575
Accounts receivable, net (Notes 2D and 4)		36,092,468
Contributions receivable, net (Notes 2D, 2E and 5)		1,506,741
Investments (Notes 2F, 6, 7 and 13B)		108,059,803
Prepaid expenses and other assets (Note 2H)		7,057,715
Property and equipment, net (Notes 2G and 8)		67,627,031
TOTAL ASSETS	$	227,769,333
LIABILITIES		
Accounts payable and accrued expenses (Notes 2C and 2H)	$	8,309,278
Accrued salaries and related benefits		5,768,205
Accrued vacation		5,497,566
Accrued postretirement benefits (Note 12)		10,263,633
Other pension liabilities (Notes 13B and 14)		2,738,706
Deferred rent (Notes 2M and 16A)		348,670
Due to government agencies and deferred revenues (Note 16C)		23,237,877
Bank lines of credit (Note 11)		26,000,000
IDA bonds payable (Note 9)		9,258,090
Other long-term debt (Note 10)		15,462,002
TOTAL LIABILITIES		106,884,027
COMMITMENTS AND CONTINGENCIES (Note 16)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Invested in property and equipment		42,906,939
Available for operations		57,660,592
Total without donor restrictions		100,567,531
With donor restrictions:		
Perpetual in nature		6,565,209
Time and purpose restricted		13,752,566
With donor restrictions (Note 15A and 15B)		20,317,775
TOTAL NET ASSETS		120,885,306
TOTAL LIABILITIES AND NET ASSETS	$	227,769,333

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total 2019
OPERATING REVENUE AND SUPPORT (Note 2M):			
Program service fees (Note 2I and 18)	$ 128,696,409	$ -	$ 128,696,409
Government grants (Note 2I)	71,652,291	-	71,652,291
Contributions (Note 2E)	5,291,922	1,027,554	6,319,476
Special events (net of direct costs of $366,669)	2,099,862	-	2,099,862
United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.	9,176,469	-	9,176,469
Donated services (Note 2J)	2,357,419	-	2,357,419
Rentals and other income	1,307,711	-	1,307,711
Investment income used for operations (Notes 6 and 15)	4,806,494	(250,958)	4,555,536
Net assets released from restrictions (Notes 2B and 15)	1,924,413	(1,924,413)	-
TOTAL OPERATING REVENUE AND SUPPORT	227,312,990	(1,147,817)	226,165,173
OPERATING EXPENSES			
Program Services:			
Residential	124,345,078	-	124,345,078
Community services	87,030,809	-	87,030,809
Education	3,288,652	-	3,288,652
Vocational	612,549	-	612,549
Total Program Services	215,277,088	-	215,277,088
Supporting Services:			
Management and general	24,809,828	-	24,809,828
Fundraising	1,381,729	-	1,381,729
Total Supporting Services	26,191,557	-	26,191,557
TOTAL OPERATING EXPENSES	241,468,645	-	241,468,645
CHANGE IN NET ASSETS FROM OPERATIONS	(14,155,655)	(1,147,817)	(15,303,472)
NON-OPERATING ACTIVITIES (Note 2L):			
Investment activity (Note 6)	3,840,841	-	3,840,841
Less: Amount used for operations (Note 6)	(4,806,494)	250,958	(4,555,536)
Investment activity over/(under) amounts used for operations	(965,653)	250,958	(714,695)
TOTAL NON-OPERATING ACTIVITIES	(965,653)	250,958	(714,695)
CHANGE IN NET ASSETS BEFORE POSTRETIREMENT RELATED CHANGE!	(15,121,308)	(896,859)	(16,018,167)
Postretirement related changes other than net periodic costs (Note 12)	(405,640)	-	(405,640)
CHANGE IN NET ASSETS	(15,526,948)	(896,859)	(16,423,807)
Net assets - beginning of year	116,094,479	21,214,634	137,309,113
NET ASSETS - END OF YEAR	$ 100,567,531	$ 20,317,775	$ 120,885,306

The accompanying notes are an integral part of these consolidated financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			
	Residential	Community Services	Education	Vocational	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2019
Salaries	$ 54,332,362	$ 49,478,602	$ 1,510,933	$ 424,143	$ 105,746,040	$ 10,129,591	$ 781,749	$ 10,911,340	$ 116,657,380
Payroll taxes and benefits (Notes 12, 13 and 14)	18,472,781	15,888,454	512,319	57,299	34,930,853	4,168,460	239,228	4,407,688	39,338,541
Total Personnel Costs	72,805,143	65,367,056	2,023,252	481,442	140,676,893	14,298,051	1,020,977	15,319,028	155,995,921
Consulting and professional fees	4,719,192	4,652,696	571,880	2,000	9,945,768	3,529,635	24,969	3,554,604	13,500,372
Recruiting	137,121	193,502	368	-	330,991	233,472	456	233,928	564,919
Other contract services	1,155,519	1,630,514	18,776	44,090	2,848,899	1,507,702	47,324	1,555,026	4,403,925
Supplies	2,059,942	433,752	30,184	52,961	2,576,839	107,014	7,352	114,366	2,691,205
Telephone	674,734	578,095	16,507	4,794	1,274,130	61,836	4,615	66,451	1,340,581
Postage and shipping	15,910	15,831	326	3,113	35,180	22,074	4,305	26,379	61,559
Occupancy (Note 16A)	8,511,301	7,342,473	335,436	6,273	16,195,483	1,564,922	82,084	1,647,006	17,842,489
Equipment rental and other costs (Note 16A)	153,577	152,241	5,860	-	311,678	45,656	2,304	47,960	359,638
Vehicle rental (Note 16A)	810,484	30,640	-	-	841,124	13,449	-	13,449	854,573
Outside print and artwork	9,853	15,879	1	-	25,733	12,992	2,349	15,341	41,074
Staff travel and other	158,486	332,699	548	721	492,454	55,684	1,912	57,596	550,050
Conferences and conventions	106,360	151,967	4,846	7,227	270,400	107,487	114,144	221,631	492,031
Specific assistance	23,568,513	1,571,386	8,624	-	25,148,523	150	5	155	25,148,678
Membership dues	134,932	47,898	1,247	-	184,077	29,091	2,717	31,808	215,885
Repairs and maintenance	2,068,268	203,641	10,812	331	2,283,052	8,661	253	8,914	2,291,966
Interest (Note 2H)	1,120,236	141,403	-	-	1,261,639	778,275	-	778,275	2,039,914
Medicaid facility tax assessment (Note 2I)	895,773	-	-	-	895,773	-	-	-	895,773
General insurance	1,955,470	1,028,743	43,933	-	3,028,146	153,506	11,449	164,955	3,193,101
Depreciation and amortization (Note 8)	3,136,966	1,183,887	214,743	-	4,535,596	2,083,140	6,510	2,089,650	6,625,246
Bad debt (Note 2D)	10,297	1,870,763	-	-	1,881,060	-	-	-	1,881,060
Miscellaneous	137,001	85,743	1,309	9,597	233,650	197,031	48,004	245,035	478,685
TOTAL EXPENSES	$ 124,345,078	$ 87,030,809	$ 3,288,652	$ 612,549	$ 215,277,088	$ 24,809,828	$ 1,381,729	$ 26,191,557	$ 241,468,645

The accompanying notes are an integral part of these consolidated financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (16,423,807)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	6,625,246
Postretirement related changes other than net periodic pension costs	405,640
Bad debt	1,881,060
Non cash debt issuance interest expense	105,482
Discount on pledge receivables	18,632
Change in value of split-interest agreements	10,562
Goodwill from acquisition	(37,547)
Net realized and unrealized gain on investments	(1,857,581)
Subtotal	7,151,494
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	(5,753,019)
Contributions receivable	(591,610)
Prepaid expenses and other assets	(2,174,089)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	2,962,928
Accrued salaries and related benefits	1,594,580
Accrued vacation	15,983
Accrued postretirement benefits	(62,346)
Other pension liabilities	220,358
Deferred rent	(265,376)
Due to government agencies and deferred revenues	2,105,546
Net cash used in operating activities	(11,219,358)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(71,602,424)
Proceeds from sales of investments	81,354,153
Purchases of fixed assets	(2,836,824)
Net cash provided by investing activities	6,914,905
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of bank lines of credit	(48,500,000)
Proceeds from borrowings of bank lines of credit	58,000,000
Repayments of IDA bonds payable	(1,072,118)
Repayments of other long-term debt	(4,764,288)
Proceeds from borrowings of other long-term debt	2,329,403
Net cash provided by financing activities	5,992,997
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,688,544
Cash and cash equivalents - beginning of year	5,737,031
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,425,575
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	$ 1,826,390

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

For more than 140 years, the Jewish Board of Family and Children's Services, Inc. and Subsidiary ("The Jewish Board") has been helping New Yorkers realize their potential and live as independently as possible. The Jewish Board promotes resilience and recovery by addressing all aspects of an individual's life including behavioral and physical health, family, housing, employment and education. Across the five boroughs and in Westchester, The Jewish Board serves approximately 45,000 New Yorkers from all religious, ethnic and socioeconomic backgrounds each year in a variety of ways.

The Jewish Board provides a comprehensive array of behavioral health, family support, and developmental disabilities services. The Jewish Board's mental health clinics and satellites located in all five boroughs annually serve more than 10,000 New Yorkers struggling with a range of mental and behavioral health issues. The Jewish Board also provides community-based treatment and residential services to children and adults living with mental illness. The Jewish Board also provides domestic violence services to women and families via emergency and transitional shelters. The Jewish Board's Jewish community service programs, which serves Jews in need, offer counseling and support across a range of issues along the life cycle, from divorce and bereavement, to illness and addiction. The Jewish Board's renowned Martha K. Selig Institute trains The Jewish Board staff and outside social work practitioners to meet the highest standards of care and the most challenging needs of the New York City community.

The Jewish Board is a Section 501(c)(3) not-for-profit corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. The Jewish Board is also exempt from state and local taxes. The Jewish Board's revenues are earned primarily from Medicaid, New York State and New York City government sources for services provided, with additional support provided from philanthropy.

The Jewish Board also operates The Alpha Workshops (the "Subsidiary"), a New York State nonprofit that uses the decorative arts to educate and employ young people and adult with HIV/AIDS, disabilities, and other vulnerabilities. The Subsidiary is a Section 501(c)(3) not-for-profit corporation exempt from federal income tax under Section 501(a) of the IRC and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. The Jewish Board and the Subsidiary entered into an Agreement, whereby The Jewish Board became sole member effective January 1, 2019. The Jewish Board provides all administrative support services, and complete fiscal oversight of the Subsidiary's affairs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Consolidation*** **–** The consolidated financial statements have been prepared on the accrual basis of accounting. The Jewish Board adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Jewish Board's accompanying consolidated financial statements include the activities and statement of functional expenses of The Jewish Board and the Subsidiary. The Jewish Board has consolidated the entity pursuant to U.S. GAAP due to its financial interest and control over the Subsidiary. All material intercompany transactions and balances have been eliminated upon consolidation. In accordance with ASU 2010-07 *Not-for-Profit Entities Mergers and Acquisitions,* the fair value of the liability over the assets acquired is reported as of June 30, 2019 as goodwill from acquisition and amounted to $37,547.

B. ***Basis of Presentation*** **–** The Jewish Board maintains its net assets under the following two classes:

- Without donor restrictions – This represents resources available for support of The Jewish Board's operations over which the Board of Trustees has discretionary control as well as investment in property plant and equipment.

- With donor restrictions – This represents net assets resulting from contributions and other inflows of assets whose use by The Jewish Board is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of The Jewish Board pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ***Cash and Cash Equivalents –*** The Jewish Board considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash and cash equivalents. Program participant funds included in the cash and cash equivalents amounted to approximately $272,000 as of June 30, 2019. Such amounts are also included as a liability in the accompanying consolidated financial statements.

D. ***Allowance for Uncollectible Receivables –*** The Jewish Board determines whether an allowance for uncollectible receivables should be provided for accounts receivable and contributions receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2019, The Jewish Board determined an allowance of approximately $1,488,000 was necessary for accounts receivable and no allowance was necessary for contributions receivable.

E. ***Contributions –*** Contributions are accounted under Accounting Standards Update ("ASU") 2018-08. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

F. ***Investments and Fair Value Measurements –*** Investments are stated at fair value. Alternative investments are stated at fair value as estimated by the investment managers or general partners. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Certain investments (see Note 6) are stated at Net Asset Value ("NAV") which approximates fair value. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.

G. ***Property and Equipment –*** Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. Property and equipment is capitalized by The Jewish Board provided its cost is $5,000 or more and its useful life is greater than one year.

H. ***Split-Interest Agreements –*** The Jewish Board is the beneficiary of a number of split-interest agreements with donors. Under these agreements, The Jewish Board controls the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreements (usually upon the death of the donor or donor's designee). At such time, The Jewish Board will be able to utilize the remaining assets. At the time of the gift, The Jewish Board records contribution revenue and a liability for amounts payable to third-interest-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The liability is adjusted annually. The fair value of investments held under split-interest agreements as of June 30, 2019 amounted to $256,703, and consisted of investments in money market funds and bond mutual funds. As of June 30, 2019, the assets and liabilities of $256,703 associated with these agreements are included in prepaid expenses and other assets, and accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

I. ***Government Support –*** The Jewish Board derives its revenue from, among other sources, cost reimbursement contracts and fees for service programs with federal, New York State, and New York City government agencies. The Jewish Board's Residential Treatment Center receives funding for its foster care services through foster care contracts principally entered into with New York City and various adjacent counties. The Jewish Board's Residential Treatment Facilities and Developmental Disabilities programs receive funding for their services through direct payments from governmental entities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from evaluation and education services (early childhood programs) are principally cost-based. The revenues for such services are recorded at tuition rates established by governmental payors (principally the New York State Education Department and the New York City Department of Education). Program service fees are accounted under Accounting Standards Codification Topic 606. Government grants are accounted under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion.

J. ***Donated Services –*** The Jewish Board receives certain contributed services that meet the criteria under U.S. GAAP for recognition as contributions and expense. Such services (primarily volunteer caseworkers and pro bono legal services) are recorded in the consolidated financial statements at fair value and amounted to approximately $2,108,000 for the year ended June 30, 2019. Other volunteers have donated time to The Jewish Board's programs and supporting services. No amounts have been reflected in the accompanying consolidated financial statements for those services as they do not meet the recognition criteria under U.S. GAAP.

K. ***Functional Allocation of Expenses –*** The cost of providing the various program and supporting services has been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, expenses that are not directly charged to programs and supporting services are allocated among programs and supporting services. The expenses that are allocated include occupancy and maintenance which is allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

L. ***Operating and Non-Operating Activities –*** The Jewish Board includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions except for endowments that are perpetual in nature. Investment income, including realized and unrealized gains and losses earned in excess of (or less than) the amount used for operations, forgiveness of debt and capital grants are recognized as non-operating activities.

M. ***Deferred Rent –*** The Jewish Board leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, The Jewish Board records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statement of financial position.

N. ***Use of Estimates –*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

O. ***Recent Accounting Pronouncements –*** Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, "Not-for-Profit Entities" was adopted by or the year ended June 30, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. This change has no impact on the change in net assets for the year ended June 30, 2019. Net assets as of June 30, 2018 were renamed to conform to the new presentation.

FASB ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606) was also adopted by The Jewish Board for the year ended June 30, 2019. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as described in Note 18.

FASB ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made" (Topic 958) was also adopted by The Jewish Board for the year ended June 30, 2019. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as further described in Note 2E and 2I.

NOTE 3 – LIQUIDITY AND AVAILABILITY

As of June 30, 2019, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include following:

Cash and cash equivalents	$ 7,425,575
Accounts receivable, net	36,092,468
Contributions receivable, net	1,506,741
Investments	108,059,803
Net assets with donor restrictions	(20,317,775)
	$ 132,766,812

The Jewish Board has budgeted at breakeven which will allow expenses to be covered by income. In order to manage liquidity, The Jewish Board relies on collection of accounts receivable for general expenditures. As stated in Note 11, The Jewish Board has a line of credit available for short-term needs that is used for general expenditures when there are timing or collection issues of accounts receivable.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2019
Due from the City of New York	$ 11,441,790
Due from the State of New York	15,983,930
Due from other sources	10,154,932
	37,580,652
Less: allowance for doubtful accounts	(1,488,184)
	$ 36,092,468

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded net of a discount (at a risk adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30:

	2019
One year or less	$ 1,301,732
One to five years	250,000
	1,551,732
Less: Discount to present value	(44,991)
	$ 1,506,741

NOTE 6 – INVESTMENTS

Investments consist of the following as of June 30:

	2019
Money market funds	$ 2,127,658
Equities	12,206,034
Mutual funds	61,443,667
Alternative investments	32,282,444
	$ 108,059,803

NOTE 6 – INVESTMENTS (Continued)

Alternative investments consist of the following:

Diversified inflation hedges – The fund's investment objective is to provide strong relative performance versus broad equity and fixed income markets during rising inflation environments.

Hedge funds – The fund invests primarily in offshore investment funds, investment partnerships and pooled investment vehicles. The investment in the fund is recorded at fair value based on financial data, which is generally at an amount equal to NAV per share or the fund's proportionate interest in the net assets.

Limited partnerships - Limited partnerships invest primarily in a collection of diversified hedge fund strategies from a variety of underlying managers. Investments consist of hedge funds and other funds focusing on long/short equity, relative value, credit, event driven opportunities, distressed investment and multi-strategy approaches.

The components and designation of investment activity for the years ended June 30, 2019 follows:

	2019
Realized gains	$ 11,680,227
Unrealized losses	(9,822,376)
Net realized and unrealized activity	1,857,851
Interest and dividends	2,592,638
Investment fees	(609,648)
	$ 3,840,841
Designation:	
Amount used for operations	$ 4,555,536
Amount considered non-operating	(714,695)
	$ 3,840,841

The current spending policy of The Jewish Board is discretionary and approved by the Board through the annual budget approval process.

Investments generally are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

NOTE 7 – FAIR VALUE MEASUREMENTS

In determining fair value, The Jewish Board utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Investments in equity securities and mutual funds (except included under Level 2) are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. See Note 2F for the valuation on alternative investments. Mutual funds included under Level 2 are valued at NAV.

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended June 30, 2019, there was no transfers in or out of levels.

Financial assets carried at fair value as of June 30, 2019 are classified in the table as follows:

	2019	
Assets Carried at Fair Value:	Level 1	Total
Money market funds	$ 2,127,658	$ 2,127,658
Equities:		
Domestic	11,456,660	11,456,660
International	749,374	749,374
Mutual funds:		
Domestic	36,542,032	36,542,032
International	7,947,571	7,947,571
Corporate bonds	11,652,585	11,652,585
Global multi-asset	5,301,479	5,301,479
	$ 75,777,359	75,777,359
Assets using NAV as practical expedient:		
International funds		12,508,407
Diversified inflation hedges		4,594,674
Hedge funds		5,399,227
Limited partnerships		9,780,136
Total Assets Carried at Fair Value		$ 108,059,803

The following investments are valued at NAV, which equals fair value:

	2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International funds	$ 12,508,407	None	Immediately	N/A
Diversified inflation funds	4,594,674	None	Immediately	10 days
Hedge funds	5,399,227	None	Immediately	10-90 days
Limited partnerships	9,780,136	None	Immediately	90 days
	$ 32,282,444			

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2019	Estimated Useful Lives
Land	$ 17,512,605	
Building and building improvements	97,544,845	15-50 years
Leasehold improvements	5,513,244	5-40 years
Furniture and equipment	32,169,217	3-10 years
Construction in progress (see below)	1,432,918	
	154,172,829	
Less accumulated depreciation and amortization	(86,545,798)	
	$ 67,627,031	

NOTE 8 – PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to $6,625,246 for the year ended June 30, 2019.

Construction in progress consists of renovations at various facilities with an estimated cost of completion of approximately $2,298,000 for the year ended June 30, 2019. The projects are expected to be completed in the upcoming fiscal year.

NOTE 9 – IDA BONDS PAYABLE

In August 2000, Civic Facility Revenue Bonds (the "2000 Bonds"), aggregating $15,820,000, were issued by the New York City Industrial Development Agency ("IDA"). All of The Jewish Board's rights, title, and interest in various premises leased by The Jewish Board were assigned to the IDA. Further, The Jewish Board immediately leased back these facilities at a rate and term equivalent to the debt service requirements of the 2000 Bonds. The IDA is prohibited from selling the facilities without the explicit consent of The Jewish Board. All the facilities will be returned to The Jewish Board on December 15, 2025, or at such time that the bond obligations have been fully satisfied.

The proceeds from the 2000 Bonds, net of issuance costs, were deposited into a project fund (the "Project Fund") for the purpose of financing or refinancing the acquisition, reconstruction, renovation and equipping of the Mishkon Facility, the Intermediate Care Facility, the Individualized Residential Alternative Facilities, the Flagship Building, the Geller House, the Kaplan House, the J.W. Beatman Center, the Ittleson Center and the headquarters of The Jewish Board.

The Jewish Board has guaranteed the payment of principal or redemption price and interest on the 2000 Bonds and has granted to the trustee (Bank of America) of the 2000 Bonds a security interest in their total operating revenues. Pursuant to the 2000 Bond Agreement, the bond trustee for the 2000 Bonds entered into an inter-creditor agreement. In the event that there are insufficient total operating revenues to meet the payment obligations with respect to the 2000 Bonds, the bond trustee will receive a pro rata portion of the total operating revenues available. The 2000 Bonds are also secured by a bank letter of credit, for which no amounts are outstanding. The Jewish Board pays an annual fee of 1.3% (approximately $150,000) of the total outstanding bonds to maintain the letter of credit.

Interest payments on the bonds are based on a variable interest rate, which amounted to 1% as of June 30, 2019.

The 2000 Bonds require The Jewish Board to maintain certain financial covenants. The Jewish Board was in compliance with all applicable financial covenants as of June 30, 2019.

The Jewish Board redeemed $1,480,000 of these obligations in connection with the sale of its headquarters building in 2009. The remaining balance of the 2000 Bonds is subject to redemption by the IDA prior to maturity from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below:

2019-2020	$ 1,195,000
2020-2021	1,255,000
2021-2022	1,320,000
2022-2023	1,385,000
2023-2024	1,450,000
Thereafter	3,125,000
Subtotal	9,730,000
Less: debt issuance costs	(471,910)
	$ 9,258,090

NOTE 10 – OTHER LONG-TERM DEBT

The following are various mortgages and a note secured by the applicable underlying properties or as otherwise noted. Since payments on these long-term loans are generally flow-through amounts under funding contracts with the applicable state organization, the interest rates disclosed are not indicative of an out-of-pocket debt service obligation.

Description	2019	Due Date
Mortgage payable to the Dormitory Authority of the State of New York ("DASNY") in semi-annual installments of $120,000. The interest rate is 5.32%. **(a)**	$ 76,500	2020
Mortgage payable to DASNY in semi-annual installments of $174,574. The interest rate is 7.5%. **(a)**	486,775	2020
Note payable to a bank in monthly installments of $23,065. The interest rate is 3.89%. **(b)**	530,484	2021
Mortgage payable to DASNY in semi-annual installments of $187,894. The interest rate is 5.88%. **(a)**	1,019,831	2022
Mortgage payable to DASNY in semi-annual installments of $37,235. The interest rate is 5.05%. **(a)**	684,266	2023
Mortgage payable to DASNY in semi-annual installments of $138,933. The interest rate is 7.15%. **(a)**	1,053,331	2023
Mortgage payable to DASNY in semi-annual installments of $259,630. The interest rate is 4.95%. **(a)**	2,068,369	2023
Mortgage payable to a bank monthly installments of $7,553. The interest rate is 4.46%. **(b)**	743,441	2029
Mortgage payable to DASNY in semi-annual installments of $213,755. The interest rate is 4.95%. **(a)**	3,950,410	2031
Mortgage payable to DASNY in semi-annual installments of $60,350. The interest rate is 5.01%. **(a)**	1,174,179	2032
Mortgage payable to a bank monthly installments of $10,049. The interest rate is 5.77%. **(b)**	1,554,997	2033
Mortgage payable to DASNY in semi-annual installments of $98,540. The interest rate is 4.02%. **(a)**	2,256,619	2034
State aid grant payable to DASNY in monthly installments of $425. No interest is imputed. **(a)**	107,030	2040
	15,706,232	
Less: debt issuance costs:	(244,230)	
	$ 15,462,002	

(a) Non-recourse long-term debt secured by the property.
(b) Pursuant to the credit agreement, The Jewish Board is required to maintain certain financial covenants. As of June 30, 2019, The Jewish Board was in compliance with these covenants.

NOTE 10 – OTHER LONG-TERM DEBT (Continued)

Required future annual principal payments are payable as follows for each of the five years ending after June 30, 2019 and thereafter:

2020	$	2,204,159
2021		1,992,404
2022		1,656,220
2023		1,365,529
2024		920,562
Thereafter		7,567,358
	$	15,706,232

NOTE 11 – BANK LINES OF CREDIT

Bank lines of credit consist of the following as of June 30, 2019:

	Borrowings	Expiration
Unsecured line of credit amounting to $30,000,000 with TD Bank. The interest rate is 1.5% above the LIBOR 30-day rate.	$ 20,000,000	2020
Unsecured line of credit amounting to $15,000,000 with Bank of America. The interest rate is 1.5% above the LIBOR 30-day rate. The unused portion carries a .05% interest rate.	6,000,000	2020
	$ 26,000,000	

There are certain financial covenants associated with the bank lines of credit. As of June 30, 2019, The Jewish Board was in compliance with those covenants.

NOTE 12 – ACCRUED POSTRETIREMENT BENEFITS

The Jewish Board maintains an accrued postretirement benefit plan for its employees who have attained age 45 and were employed prior to January 1, 2013.

The unfunded status as of June 30, 2019 follows:

Change in benefit obligation:	
Benefit obligation at beginning of the year	$ 9,920,339
Service cost	157,461
Interest cost	384,885
Actuarial gain	317,148
Benefits paid	(516,200)
Benefit obligation at end of the year	10,263,633
Fair value of plan assets	-
Unfunded status	$ 10,263,633

The components of net periodic benefit cost for the year ended June 30, 2019 is as follows:

Service cost	$ 157,461
Interest cost	384,885
Amortization of actuarial gain	(110,742)
Net periodic cost	$ 431,604

As of June 30, 2019, the amount recognized in net assets without donor restrictions was a cumulative actuarial loss of $405,640.

NOTE 12 – ACCRUED POSTRETIREMENT BENEFITS (Continued)

The weighted assumptions used as of and for the year ended June 30, 2019 are as follows:

Benefit Obligation:	
Discount rate	3.29%
Expected return on plan assets	N/A
Rate of compensation increase	N/A
Net periodic pension cost:	
Discount rate	4.05%
Expected return on plan assets	N/A
Rate of compensation increase	N/A

The projected future benefit payments are approximately as follows as of June 30:

2020	$ 843,000
2021	654,000
2022	650,000
2023	661,000
2024	664,000
Thereafter	6,419,000
	$ 9,891,000

To illustrate the impact of the health care cost trend for the postretirement plan, increasing the assumed medical care cost trend rates by 1% in each year would increase the accumulated postretirement benefit obligation by $52,886 as of June 30, 2019, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $2,386. Decreasing the assumed health care cost trend rates by 1% would decrease the accumulated postretirement benefit obligation by $48,382 as of June 30, 2019, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $2,178.

NOTE 13 – 403(b) PENSION PLAN AND OTHER

A. 403(b) Plan – The Jewish Board offers a 403(b) retirement plan covering all employees. All employees can make salary reduction contributions. The Jewish Board does not make any contributions to the plan.

B. The Jewish Board maintains a Supplementary Executive Retirement Plan ("SERP") under IRC Sections 457(b) and 457(f) for certain employees. The Jewish Board contributed approximately $181,000 for the year ended June 30, 2019 to the SERP. The fair value of the plans' assets and resulting liabilities aggregated to approximately $2,700,000, as of June 30, 2019. Plan assets are included in other assets and the related liability is included in other pension liabilities in the accompanying consolidated statement of financial position.

NOTE 14 – MULTIEMPLOYER PENSION PLAN

The UJA-Federation and The Jewish Board participate in a multiemployer defined benefit pension plan covering eligible union and non-union employees of these entities as well as eligible employees of participating affiliated agencies of UJA-Federation. The name of the plan is the Retirement Plan for Employees of the United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions (the "Plan"). The Plan is filed under the Employer Identification Number 51-0172429 and the three-digit pension plan Number 333.

The Plan follows the single employer funding requirements and is not required to file an annual zone certification under the Pension Protection Act of 2006 ("PPA") and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is at least 80% funded using the most recent financial information as of October 1, 2016, the beginning of the Plan year. All employees with a minimum of 1,000 hours worked in a year are eligible to participate. The Jewish Board's share of the retirement plan expense amounted to approximately $5,451,000 as of June 30, 2019.

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Endowment funds consist of funds with donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of The Jewish Board has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moved away from the "historical dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. In accordance with NYPMIFA, The Jewish Board classifies as net assets with donor restrictions, (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. The Jewish Board recognizes that NYPMIFA creates a rebuttable presumption of imprudence if it appropriates more than 7% of a donor-restricted perpetual endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year.

The Jewish Board's investments include the restricted endowment that must be held in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets with a moderate level of risk. To satisfy the long-term rate-of-return objective, The Jewish Board relies on a total return strategy in which investment returns are achieved both through capital appreciation and current yield. The Jewish Board employs a diversified asset allocation to achieve consistency of returns and to minimize risk. Interest earned in relation to the endowment funds is recorded as net assets without donor restriction, since it is appropriated and spent in the year it is earned.

Investments to be held in perpetuity amounted to $6,565,209 as of June 30, 2019. The income generated is expendable to support the general operating activities of The Jewish Board once appropriated.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. Such situations are commonly referred to as being "underwater." When an underwater endowment fund exists, it is classified as a reduction of net assets with donor restrictions. As of June 30, 2019, the endowment funds were not underwater.

The change in endowment net assets for the year ended June 30, 2019 follows:

	With Donor Restriction	Perpetual in Nature	Total
Investment activity gain	$ 279,611	$ -	$ 279,611
Appropriated by the Board of Trustees	(250,958)	-	(250,958)
Net change	28,653	-	28,653
Balance, beginning of year	838,313	6,565,209	7,403,522
Balance, end of year	$ 866,966	$ 6,565,209	$ 7,432,175

As of June 30, 2019, net assets with donor restrictions include:

Endowment fund – perpetual in nature	$ 6,565,209
Educational services for children (including time restricted)	8,302,030
Residential	2,761,452
Community services	1,771,316
Unappropriated earnings on endowment funds	866,966
Other	50,802
	$ 20,317,775

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

Residential	$ 469,435
Community services	617,260
Education	797,871
Other	39,847
	$ 1,924,413

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. The Jewish Board has a number of operating lease agreements. As of June 30, 2019, annual minimum rentals payable for real and personal property, principally under long-term operating leases expiring at varying dates through 2027, are as follows:

	Real Property	Vehicles and Equipment	Total
2020	$ 19,043,000	$ 527,000	$ 19,570,000
2021	8,537,000	455,000	8,992,000
2022	4,454,000	274,000	4,728,000
2023	4,167,000	5,000	4,172,000
2024	3,256,000	-	3,256,000
Thereafter	10,632,000	-	10,632,000
	$ 50,089,000	$ 1,261,000	$ 51,350,000

Rent expense amounted to the following for the years ended June 30:

	2019
Real property	$ 23,304,311
Vehicles and equipment	781,305
	$ 24,085,616

B. The Jewish Board is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of The Jewish Board.

C. The Jewish Board receives a significant portion of its revenue for services provided from third-party government reimbursement agencies. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Jewish Board, when appropriate, records an estimated liability to funding sources for excess reimbursement over allowable costs and underspending of interim rates.

The Jewish Board receives certain funding for its programs in the form of operational grants, which usually pertain to a period of one year or longer. This support is restricted to operations within the terms of the grants and, accordingly, recognition of grant support is deferred until qualifying expenditures are incurred. Any excess of grant support over expenses incurred is recorded as due to funding sources, in the accompanying consolidated statement of financial position.

D. The Jewish Board believes it has no uncertain tax positions as of June 30, 2019 and 2018 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 17 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject The Jewish Board to a concentration of credit risk include cash accounts with three banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to $250,000 per depositor. As of June 30, 2019, there was approximately $7.8 million, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits.

B. Certain full-time employees of The Jewish Board are covered by collective bargaining agreements as of June 30, 2019. These agreements stipulate wage levels and differentials, participation in group benefits, multi-employer pension plans and certain agreements with regard to paid time off and leave policies, work hours and schedules, personnel policies and discipline. As of June 30, 2019, The Jewish Board estimated approximately 47% of its employees are covered under collective bargaining agreements.

NOTE 18 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts - The Jewish Board receives revenue from contracts with various government agencies, including the New York State Office of Mental Health (OMH), New York State Office for People with Developmental Disabilities (OPWDD) and the New York State Department of Health (DOH) to provide support and services to individuals and family members of individuals with behavioral health, family support, and developmental disabilities services. Revenue is reported at the amount that reflects the consideration to which The Jewish Board expects to be entitled in exchange for providing the contracted services. These amounts are due from the government agencies, third-party payors (including government programs), individuals (including Supplemental Security Income (SSI) benefits) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, The Jewish Board bills government agencies, third-party payors and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance Obligation - Performance obligations are determined based on the nature of the services provided by The Jewish Board in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Jewish Board measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2019. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Jewish Board determines the transaction price based on established rates and contracts for services provided.

Program service fees consist of revenues for the following programs:

Residential	$ 75,687,487
Clinic	36,558,541
Case Management	7,290,004
Community Based Services	4,881,011
Early Childhood	3,912,229
Other	367,137
	$ 128,696,409

NOTE 19 – MEDICAL SELF-INSURANCE

The Jewish Board maintains a self-funded, comprehensive medical care benefits program. The accrued liability for the self-insured components of the program includes an estimate of the incurred but not yet reported claims expense. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic factors. The liability is included in accrued salaries and related benefits on the consolidated statement of financial position.

All of The Jewish Board employees and their dependents are eligible to participate in the program. The Jewish Board is self-insured for health claims of participants up to an annual aggregate amount of $200,000 per covered participant. Commercial stop-loss insurance coverage is purchased for claims in excess of the annual aggregate amount. The cost of medical care is paid out of employee and employer contributions and is held in a separate bank account. The agency has contracted with United Health Care a third-party administrator, to provide administrative services for this health care benefits program. Activity of the accrued employee health claims as of June 30, 2019 is below:

Balance, beginning of year	$	-
Claim estimate		10,817,230
Claims and expenses paid		(9,318,436)
Balance, end of year	$	1,498,794

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through November 26, 2019, the date the consolidated financial statements were issued.