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

The Jewish Board
Health and Human Services for All New Yorkers

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2018 AND 2017

MARKS PANETH
ACCOUNTANTS & ADVISORS

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

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2018 AND 2017

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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.

We have audited the accompanying financial statements of the Jewish Board of Family and Children's Services, Inc. ("The Jewish Board") which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Board as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
November 30, 2018

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

ASSETS	**2018**	**2017**
Cash and cash equivalents (Notes 2C and 16A)	$ 5,737,031	$ 4,296,875
Accounts receivable, net (Notes 2F and 3)	32,239,141	36,297,616
Contributions receivables, net (Notes 2E, 2F and 4)	915,131	1,323,014
Investments (Notes 2D, 2O, 5, 6 and 12B)	115,953,951	111,891,614
Prepaid expenses and other assets (Note 2H)	4,894,188	5,073,201
Property and equipment, net (Notes 2G and 7)	71,415,453	67,109,454
TOTAL ASSETS	$ 231,154,895	$ 225,991,774
LIABILITIES		
Accounts payable and accrued expenses (Notes 2C and 2H)	$ 5,346,350	$ 4,798,910
Accrued salaries and related benefits	4,173,625	3,095,604
Accrued vacation	5,481,583	5,544,995
Accrued postretirement benefits (Note 11)	9,920,339	11,023,568
Other pension liabilities (Notes 12B and 13)	2,518,348	2,292,391
Deferred rent (Notes 2M and 15A)	614,046	968,952
Due to government agencies and deferred revenues (Note 15C)	21,132,331	27,216,878
Bank lines of credit (Note 10)	16,500,000	13,000,000
IDA bonds payable (Note 8)	10,330,208	11,352,328
Other long-term debt (Note 9)	17,791,405	11,321,030
TOTAL LIABILITIES	93,808,235	90,614,656
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Note 2B)		
Unrestricted		
Invested in property and equipment	43,293,840	44,436,096
Available for operations	72,883,268	68,895,333
Total unrestricted	116,177,108	113,331,429
Temporarily restricted (Note 14B)	14,604,343	15,480,480
Permanently restricted (Note 14A)	6,565,209	6,565,209
TOTAL NET ASSETS	137,346,660	135,377,118
TOTAL LIABILITIES AND NET ASSETS	$ 231,154,895	$ 225,991,774

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

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
OPERATING REVENUE AND SUPPORT (Note 2M):								
Government support (Note 2I)	$ 199,507,002	$ -	$ -	$ 199,507,002	$ 200,849,426	$ -	$ -	$ 200,849,426
Contributions (Note 2E)	3,949,942	107,409	-	4,057,351	3,187,471	25,450	-	3,212,921
Special events (net of direct costs of $345,750 and $343,159)	1,550,310	-	-	1,550,310	1,701,120	-	-	1,701,120
United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.	10,083,936	-	-	10,083,936	9,688,618	-	-	9,688,618
Donated services (Note 2J)	334,679	-	-	334,679	257,357	-	-	257,357
Rentals and other income	791,854	-	-	791,854	1,202,574	-	-	1,202,574
Investment income used for operations (Notes 5 and 14)	4,313,465	216,535	-	4,530,000	4,884,072	248,928	-	5,133,000
Net assets released from restrictions (Notes 2B and 14)	1,970,657	(1,970,657)	-	-	1,744,830	(1,744,830)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	222,501,845	(1,646,713)	-	220,855,132	223,515,468	(1,470,452)	-	222,045,016
OPERATING EXPENSES								
Program Services:								
Residential	117,077,644	-	-	117,077,644	114,985,457	-	-	114,985,457
Community services	82,499,934	-	-	82,499,934	85,121,889	-	-	85,121,889
Education	3,303,322	-	-	3,303,322	3,266,130	-	-	3,266,130
Total Program Services	202,880,900	-	-	202,880,900	203,373,476	-	-	203,373,476
Supporting Services:								
Management and general	21,728,780	-	-	21,728,780	22,290,819	-	-	22,290,819
Fundraising	1,095,981	-	-	1,095,981	1,066,715	-	-	1,066,715
Total Supporting Services	22,824,761	-	-	22,824,761	23,357,534	-	-	23,357,534
TOTAL OPERATING EXPENSES	225,705,661	-	-	225,705,661	226,731,010	-	-	226,731,010
CHANGE IN NET ASSETS FROM OPERATIONS	(3,203,816)	(1,646,713)	-	(4,850,529)	(3,215,542)	(1,470,452)	-	(4,685,994)
NON-OPERATING ACTIVITIES (Note 2L):								
Investment activity (Note 5)	7,759,158	987,111	-	8,746,269	12,283,594	2,580,046	-	14,863,640
Less: Amount used for operations (Note 5)	(4,313,465)	(216,535)	-	(4,530,000)	(4,884,072)	(248,928)	-	(5,133,000)
Investment activity over/(under) amounts used for operations	3,445,693	770,576	-	4,216,269	7,399,522	2,331,118	-	9,730,640
Forgiveness of UJA pension liability (Note 13)	-	-	-	-	808,347	-	-	808,347
Capital grant (Note 7)	1,399,706	-	-	1,399,706	-	-	-	-
TOTAL NON-OPERATING ACTIVITIES	4,845,399	770,576	-	5,615,975	8,207,869	2,331,118	-	10,538,987
CHANGE IN NET ASSETS BEFORE POSTRETIREMENT RELATED CHANGES	1,641,583	(876,137)	-	765,446	4,992,327	860,666	-	5,852,993
Postretirement related changes other than net periodic costs (Note 11)	1,204,096	-	-	1,204,096	1,017,978	-	-	1,017,978
CHANGE IN NET ASSETS	2,845,679	(876,137)	-	1,969,542	6,010,305	860,666	-	6,870,971
Net assets - beginning of year	113,331,429	15,480,480	6,565,209	135,377,118	107,321,124	14,619,814	6,565,209	128,506,147
NET ASSETS - END OF YEAR	$ 116,177,108	$ 14,604,343	$ 6,565,209	$ 137,346,660	$ 113,331,429	$ 15,480,480	$ 6,565,209	$ 135,377,118

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

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	Program Services				Supporting Services				
	Residential	**Community Services**	**Education**	**Total Program Services**	**Management & General**	**Fundraising**	**Total Supporting Services**	**Total 2018**	**Total 2017**
Salaries	$ 55,620,572	$ 45,766,517	$ 1,570,249	$ 102,957,338	$ 9,793,289	$ 636,230	$ 10,429,519	$ 113,386,857	$ 114,198,194
Payroll taxes and benefits (Notes 11, 12 and 13)	18,441,022	15,436,507	485,294	34,362,823	4,031,970	202,054	4,234,024	38,596,847	39,472,027
Total Personnel Costs	74,061,594	61,203,024	2,055,543	137,320,161	13,825,259	838,284	14,663,543	151,983,704	153,670,221
Consulting and professional fees	4,244,109	4,321,859	562,749	9,128,717	1,477,527	50,615	1,528,142	10,656,859	10,200,336
Recruiting	211,465	104,175	606	316,246	219,181	35,252	254,433	570,679	278,031
Other contract services	988,202	1,469,922	14,515	2,472,639	1,172,738	9,000	1,181,738	3,654,377	3,597,032
Supplies	2,945,226	936,600	46,102	3,927,928	189,730	8,758	198,488	4,126,416	3,977,662
Telephone	36,722	146,029	102	182,853	2,452	10	2,462	185,315	233,920
Postage and shipping	14,845	16,610	478	31,933	25,480	2,053	27,533	59,466	60,959
Occupancy (Note 15A)	7,130,608	7,194,722	337,314	14,662,644	1,604,542	83,440	1,687,982	16,350,626	16,701,211
Equipment rental & other costs (Note 15A)	171,564	170,081	5,807	347,452	49,623	2,618	52,241	399,693	405,584
Vehicle rental (Note 15A)	825,585	43,035	7	868,627	10,382	-	10,382	879,009	890,770
Outside print & artwork	7,332	20,236	142	27,710	3,657	2,499	6,156	33,866	34,347
Staff travel and other	140,364	296,699	496	437,559	55,179	1,888	57,067	494,626	520,133
Conferences and conventions	73,348	144,758	3,185	221,291	104,668	9,076	113,744	335,035	290,983
Specific assistance	17,329,049	1,819,169	10,054	19,158,272	-	-	-	19,158,272	17,701,904
Membership dues	92,465	52,265	1,735	146,465	9,508	-	9,508	155,973	138,142
Repairs and maintenance	1,761,300	235,859	12,614	2,009,773	43,324	331	43,655	2,053,428	2,094,338
Interest (Note 2H)	776,364	136,333	-	912,697	449,917	-	449,917	1,362,614	1,463,015
Medicaid facility tax assessment (Note 2I)	1,029,392	-	-	1,029,392	-	-	-	1,029,392	1,010,013
General insurance	1,957,025	918,605	38,360	2,913,990	144,129	9,351	153,480	3,067,470	3,262,259
Depreciation (Note 7)	3,179,415	1,196,474	212,670	4,588,559	2,218,743	6,509	2,225,252	6,813,811	6,434,975
Bad debt (Note 2F)	11,533	2,027,911	-	2,039,444	-	-	-	2,039,444	3,105,292
Miscellanous	90,137	45,568	843	136,548	122,741	36,297	159,038	295,586	659,883
TOTAL EXPENSES	$ 117,077,644	$ 82,499,934	$ 3,303,322	$ 202,880,900	$ 21,728,780	$ 1,095,981	$ 22,824,761	$ 225,705,661	$ 226,731,010

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

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services			
	Residential	Community Services	Education	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total 2017
Salaries	$ 55,134,027	$ 47,069,015	$ 1,517,930	$ 103,720,972	$ 9,815,589	$ 661,633	$ 10,477,222	$ 114,198,194
Payroll taxes and benefits (Notes 11, 12 and 13)	18,976,253	15,827,888	522,527	35,326,668	3,927,999	217,360	4,145,359	39,472,027
Total Personnel Costs	74,110,280	62,896,903	2,040,457	139,047,640	13,743,588	878,993	14,622,581	153,670,221
Consulting and professional fees	3,837,067	3,991,039	586,818	8,414,924	1,767,586	17,826	1,785,412	10,200,336
Recruiting	74,845	27,780	616	103,241	174,643	147	174,790	278,031
Other contract services	1,198,446	1,278,574	13,593	2,490,613	1,096,937	9,482	1,106,419	3,597,032
Supplies	2,639,592	969,728	46,260	3,655,580	311,114	10,968	322,082	3,977,662
Telephone	45,494	188,390	36	233,920	-	-	-	233,920
Postage and shipping	18,731	18,457	644	37,832	18,570	4,557	23,127	60,959
Occupancy (Note 15A)	7,205,329	7,457,677	346,603	15,009,609	1,612,187	79,415	1,691,602	16,701,211
Equipment rental & other costs (Note 15A)	159,479	169,451	6,287	335,217	67,116	3,251	70,367	405,584
Vehicle rental (Note 15A)	832,677	44,781	2	877,460	13,310	-	13,310	890,770
Outside print & artwork	5,392	18,605	147	24,144	8,431	1,772	10,203	34,347
Staff travel and other	146,462	310,433	613	457,508	58,005	4,620	62,625	520,133
Conferences and conventions	56,965	123,056	459	180,480	104,967	5,536	110,503	290,983
Specific assistance	15,918,757	1,777,780	5,367	17,701,904	-	-	-	17,701,904
Membership dues	81,120	45,116	1,445	127,681	9,461	1,000	10,461	138,142
Repairs and maintenance	1,793,632	226,210	9,240	2,029,082	64,822	434	65,256	2,094,338
Interest (Note 2H)	817,689	134,086	-	951,775	511,240	-	511,240	1,463,015
Medicaid facility tax assessment (Note 2I)	1,010,013	-	-	1,010,013	-	-	-	1,010,013
General insurance	1,919,989	1,128,039	47,689	3,095,717	152,889	13,653	166,542	3,262,259
Depreciation (Note 7)	2,831,063	1,126,426	158,917	4,116,406	2,313,719	4,850	2,318,569	6,434,975
Bad debt (Note 2F)	-	3,102,100	-	3,102,100	3,192	-	3,192	3,105,292
Miscellanous	282,435	87,258	937	370,630	259,042	30,211	289,253	659,883
TOTAL EXPENSES	$ 114,985,457	$ 85,121,889	$ 3,266,130	$ 203,373,476	$ 22,290,819	$ 1,066,715	$ 23,357,534	$ 226,731,010

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

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	$	1,969,542	$	6,870,971
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization		6,813,811		6,434,975
Postretirement related changes other than net periodic pension costs		(1,204,096)		(1,017,978)
Forgiveness of UJA pension liability		-		(808,347)
Bad debt		2,039,444		3,105,292
Non cash debt issuance interest expense		105,481		108,106
Discount on pledge receivables		7,392		-
Change in value of split-interest agreements		12,750		717
Loss on sale of property and equipment		-		44,906
Net realized and unrealized gain on investments		(6,638,636)		(12,899,878)
Subtotal		1,136,146		(5,032,207)
Changes in operating assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable		2,011,639		(4,064,916)
Contributions receivable		407,883		996,117
Prepaid expenses and other assets		166,263		248,547
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses		547,440		(1,955,363)
Accrued salaries and related benefits		1,078,021		307,032
Accrued vacation		(63,412)		231,399
Accrued postretirement benefits		326,824		441,226
Deferred rent		(354,906)		(343,172)
Due to government agencies and deferred revenues		(6,084,547)		3,013,620
Net cash provided by operating activities		1,140,893		713,254
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments		(15,490,400)		(18,341,246)
Proceeds from sales of investments		18,066,699		20,980,540
Purchases of fixed assets		(11,119,810)		(1,675,105)
Net cash provided by (used in) investing activities		(8,543,511)		964,189
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of bank lines of credit		(27,000,000)		(39,000,000)
Proceeds from borrowings of bank lines of credit		30,500,000		37,000,000
Repayments of IDA bonds payable		(1,090,000)		(1,035,000)
Repayments of other long-term debt		(1,820,136)		(1,365,282)
Proceeds from borrowings of other long-term debt		8,252,910		-
Net cash (used in) provided by financing activities		8,842,774		(4,400,282)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,440,156		(2,722,839)
Cash and cash equivalents - beginning of year		4,296,875		7,019,714
CASH AND CASH EQUIVALENTS - END OF YEAR	$	5,737,031	$	4,296,875
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for interest	$	914,860	$	1,354,909
SUPPLEMENTAL NON-CASH INFORMATION				
Forgiveness of UJA pension liability	$	-	$	(808,347)

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

For more than 140 years, the Jewish Board of Family and Children's Services, Inc. ("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 and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting –*** The 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").

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

Unrestricted - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of The Jewish Board's operations over which the Board of Trustees has discretionary control.

Temporarily Restricted - This represents net assets subject to donor-imposed stipulations that will be met by actions of The Jewish Board or by the passage of time. In addition, earnings from endowment assets are classified as temporarily restricted until appropriated for operations by the Board of Trustees. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted - This represents net assets subject to donor-imposed stipulations that they be maintained permanently by The Jewish Board. Generally, the donors of these assets permit The Jewish Board to use all or part of the income earned on related investments for unrestricted or donor-specified purposes. Under New York law, these earnings that might otherwise be donor unrestricted are considered temporarily restricted until appropriated by the Board of Trustees.

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 $450,000 and $528,000 as of June 30, 2018 and 2017. Such amounts are also included as a liability in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ***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 6.

E. ***Contributions –*** 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. ***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, 2018 and 2017, The Jewish Board determined an allowance of $1,497,000 and $1,589,000 was necessary for accounts receivable and no allowance was necessary for contribution receivable.

G. ***Property and Equipment –*** Property and equipment is stated at cost less accumulated depreciation. 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, 2018 and 2017 amounted to $246,141 and $258,890, respectively, and consisted of investments in money market funds and bond mutual funds. As of June 30, 2018 and 2017, the assets and liabilities of $246,141 and $258,890, respectively, associated with these agreements are included in prepaid expenses and other assets, and accounts payable and accrued expenses in the accompanying statements 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.

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). The Medicaid facility tax assessment is an add-on to the rate for the Intermediate Care Facilities ("ICF") programs and recorded as an income and expense in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) are recorded in the financial statements at fair value (approximately $335,000 and $257,000 for the years ended June 30, 2018 and 2017, respectively). Other volunteers have donated time to The Jewish Board's programs and supporting services. No amounts have been reflected in the accompanying financial statements for those services as they do not meet the recognition criteria under U.S. GAAP.

K. ***Functional Expenses –*** The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefited, as indicated in the statements of functional expenses.

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 have been permanently restricted by donors. 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 statements of financial position.

N. ***Use of Estimates –*** The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

O. ***Recent Accounting Pronouncement –*** Effective for the year ended June 30, 2018, The Jewish Board adopted the guidance issued by the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-07, *Disclosure for Investments in Certain Entities that Calculate Net Asset Value*. Under the amendment, investments in entities for which fair value is calculated using NAV are no longer required to categorize within the fair value hierarchy those investments that use NAV as a practical expedient, although there must be a reconciliation of the fair value hierarchy to amounts presented in the statements of financial position. The Jewish Board has reflected the effects of this amendment as of and for the years ended June 30, 2018 and 2017. These changes had no impact on the change in net assets for the year ended June 30, 2018.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Due from the City of New York	$ 13,150,055	$ 12,425,775
Due from the State of New York	13,469,647	14,752,843
Due from other sources	7,116,195	10,708,170
	33,735,897	37,886,788
Less: allowance for doubtful accounts	(1,496,756)	(1,589,172)
	$ 32,239,141	$ 36,297,616

NOTE 4 – 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, 2018 and 2017:

	2018	2017
One year or less	$ 343,754	$ 794,029
One to five years	635,000	550,000
More than five years	-	50,000
	978,754	1,394,029
Less: Discount to present value	(63,623)	(71,015)
	$ 915,131	$ 1,323,014

NOTE 5 – INVESTMENTS

Investments consist of the following as of June 30, 2018 and 2017:

	2018	2017
Money market funds	$ 3,673,132	$ 3,444,620
Equities	12,518,765	12,715,574
Mutual funds	80,179,010	79,731,450
Alternative investments	19,583,044	15,999,970
	$ 115,953,951	$ 111,891,614

Supplementary pension plan investments in the amount of approximately $2,518,000 and $2,292,000 are included in the investments as of June 30, 2018 and 2017 (see Note 12B).

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, 2018 and 2017 follows:

Components:	2018	2017
Realized gains	$ 3,385,306	$ 4,684,695
Unrealized gains	3,253,330	8,215,183
Net realized and unrealized activity	6,638,636	12,899,878
Interest and dividends	2,726,683	2,493,803
Investment fees	(619,050)	(530,041)
	$ 8,746,269	$ 14,863,640

Designation:	2018	2017
Amount used for operations	$ 4,530,000	$ 5,133,000
Amount considered non-operating	4,216,269	9,730,640
	$ 8,746,269	$ 14,863,640

NOTE 5 – INVESTMENTS (Continued)

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 financial statements.

NOTE 6 – 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 2D for the valuation on alternative investments. Mutual funds included under Level 2 are valued at NAV.

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 years ended June 30, 2018 and 2017, there were no transfers in or out of levels.

Financial assets carried at fair value as of June 30, 2018 and 2017 are classified in the table as follows:

	2018		2017	
Assets Carried at Fair Value:	Level 1	Total	Level 1	Total
Money market funds	$ 3,673,132	$ 3,673,132	$ 3,444,620	$ 3,444,620
Equities:				
Domestic	11,658,786	11,658,786	11,502,893	11,502,893
International	859,979	859,979	1,212,681	1,212,681
Mutual funds:				
Domestic	24,795,243	24,795,243	26,171,735	26,171,735
International	7,239,811	7,239,811	3,636,728	3,636,728
Corporate bonds	7,364,718	7,364,718	7,438,035	7,438,035
	$ 55,591,669	$ 55,591,669	$ 53,406,692	$ 53,406,692
Assets using NAV as practical expedient:				
International funds		15,702,200		17,111,003
Global multi-asset		25,077,038		25,373,949
Diversified inflation hedges		4,787,965		4,243,973
Hedge funds		5,306,670		5,122,304
Limited partnerships		9,488,409		6,633,693
Total Assets Carried at Fair Value		$ 115,953,951		$ 111,891,614

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

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

	2018	2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International funds	$ 15,702,200	$ 17,111,003	None	Immediately	N/A
Global multi-asset fund	25,077,038	25,373,949	None	Immediately	N/A
Diversified inflation funds	4,787,965	4,243,973	None	Immediately	10 days
Hedge funds	5,306,670	5,122,304	None	Immediately	10-90 days
Limited partnerships	9,488,409	6,633,693	None	Immediately	90 days
	$ 60,362,282	$ 58,484,922			

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2018 and 2017:

	2018	2017	Estimated Useful Lives
Land	$ 17,512,605	$ 17,012,605	
Building and building improvements	97,045,138	88,319,919	15-50 years
Leasehold improvements	5,188,397	5,188,397	5-40 years
Furniture and equipment	31,044,836	29,549,376	3-10 years
Construction in progress (see below)	399,125	175,307	
	151,190,101	140,245,604	
Less accumulated depreciation and amortization	(79,774,648)	(73,136,150)	
	$ 71,415,453	$ 67,109,454	

Depreciation and amortization expense amounted to $6,813,811 and $6,434,975 for the years ended June 30, 2018 and 2017. During the year ended June 30, 2018, assets amounting to $175,313 which were previously capitalized and fully depreciated were written off decreasing accumulated depreciation. There was no gain or loss on this transaction.

The Jewish Board recognizes contribution revenue for donations of property at their fair value at the time of the donation. The property is recorded, based on donor stipulations, as unrestricted, temporarily restricted or permanently restricted revenue when received. During the year ended June 30, 2018, The Jewish Board purchased property (building and land) formerly owned and operated by a bankrupt nonprofit organization in New York City. Funds for this purchase of $1,399,706 were provided by the New York State Office of Mental Health and recorded as capital grant on the statements of activities. The Jewish Board also assumed approximately $6.7 million of long-term debt related to the property, see Note 9.

Construction in progress consists of renovations at various facilities with an estimated cost of completion of approximately $2,262,000 for the year ended June 30, 2018. The projects are expected to be completed in the next two years.

NOTE 8 – 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.

NOTE 8 – IDA BONDS PAYABLE (Continued)

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 .89% as of both June 30, 2018 and 2017.

The 2000 Bonds require The Jewish Board to comply with certain terms and conditions. The Jewish Board was in compliance with all applicable financial covenants as of June 30, 2018 and 2017.

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:

2018-2019	$ 1,140,000
2019-2020	1,195,000
2020-2021	1,255,000
2021-2022	1,320,000
2022-2023	1,385,000
Thereafter	4,575,000
Subtotal	10,870,000
Less: debt issuance costs	(539,792)
	$ 10,330,208

NOTE 9 – 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	2018	2017	Due Date
Mortgage payable to the Dormitory Authority of the State of New York ("DASNY") in semi-annual installments of $23,615. The interest rate is 9.34%. **(a)**	$ -	$ 21,843	2018
Mortgage payable to DASNY in semi-annual installments of $51,477. The interest rate is 6.43%. **(a)**	106,000	196,000	2019
Mortgage payable to DASNY in semi-annual installments of $132,054. The interest rate is 5.32% **(b)**.	355,000	580,000	2019

NOTE 9 – OTHER LONG-TERM DEBT (Continued)

Description	2018	2017	Due Date
Mortgage payable to DASNY in semi-annual installments of $174,574. The interest rate is 7.50%. **(a)**	782,682	-	2020
Note payable to a bank, in monthly installments of $23,065. The interest rate is 3.89%. Loan is collateralized with equipment and machinery. **(b)**	807,264	1,084,044	2021
Mortgage payable to DASNY in semi-annual installments of $187,894. The interest rate is 5.88%. **(a)**	1,322,214	-	2022
Mortgage payable to DASNY in semi-annual installments of $37,235. The interest rate is 5.05%. **(a)**	722,751	759,365	2023
Mortgage payable to DASNY in semi-annual installments of $138,933. The interest rate is 7.15%. **(a)**	1,245,526	1,424,682	2023
Mortgage payable to DASNY in semi-annual installments of $259,630. The interest rate is 4.95%. **(a)**	2,470,264	2,852,980	2023
Mortgage payable to a bank, in monthly installments of $7,553. The interest rate is 4.46% **(b)**	800,339	854,762	2029
Mortgage payable to DASNY in semi-annual installments of $213,755. The interest rate is 4.95%. **(a)**	4,174,183	-	2031
Mortgage payable to DASNY in semi-annual installments of $60,350. The interest rate is 5.01%. **(a)**	1,233,843	1,290,628	2032
Mortgage payable to a bank in monthly installments of $10,049. The interest rate is 5.77%. **(b)**	1,581,254	-	2033
Mortgage payable to DASNY in semi-annual installments of $98,540. The interest rate is 4.02%. **(a)**	2,359,792	2,458,937	2034
State aid grant payable to DASNY in monthly installments of $425. No interest is imputed. **(a)**	112,126	117,223	2040
Sub-total :	18,073,238	11,640,464	
Less: debt issuance costs:	(281,833)	(319,434)	
Total:	$ 17,791,405	$ 11,321,030	

(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, 2018 and 2017, The Jewish Board was in compliance with these covenants.

Required future annual principal payments are payable as follows for the years ending after June 30, 2018:

2019	$ 2,323,542
2020	2,204,159
2021	1,994,053
2022	1,657,953
2023	1,370,755
Thereafter	8,522,776
	$ 18,073,238

NOTE 10 – BANK LINES OF CREDIT

Bank lines of credit consist of the following as of June 30, 2018:

	Amount	Expiration Date
Unsecured line of credit amounting to $30,000,000 with TD Bank. The interest rate is 1.50% above the LIBOR 30-day rate (0.1866%). The effective interest rate on outstanding loans is 3.55% as of June 30, 2018.	$ 7,000,000	2019
Unsecured line of credit amounting to $15,000,000 with Wells Fargo. The interest rate is 3.58% on the outstanding balance as of June 30, 2018 and .25% on the unused portion.	9,500,000	2020
	$ 16,500,000	

There are certain financial covenants associated with the bank lines of credit. As of June 30, 2018, The Jewish Board was in compliance with those covenants.

NOTE 11 – 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, 2018 and 2017 follows:

Change in benefit obligation:	2018	2017
Benefit obligation at beginning of the year	$ 11,023,568	$ 11,916,257
Service cost	215,628	382,082
Interest cost	384,501	282,091
Actuarial gain	(1,204,096)	(1,017,978)
Benefits paid	(499,262)	(538,884)
Benefit obligation at end of the year	9,920,339	11,023,568
Fair value of plan assets	-	-
Unfunded status	$ 9,920,339	$ 11,023,568

The components of net periodic benefit cost for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Service cost	$ 215,628	$ 382,082
Interest cost	384,501	282,091
Amortization of actuarial gain	(10,660)	-
Net periodic cost	$ 589,469	$ 664,173

As of June 30, 2018 and 2017, the amounts recognized in unrestricted net assets consist of a cumulative actuarial loss as follows:

	2018	2017
Net actuarial loss	$ (1,204,096)	$ (1,017,978)

NOTE 11 – ACCRUED POSTRETIREMENT BENEFITS (Continued)

The weighted assumptions used as of and for the years ended June 30, 2018 and 2017 are as follows:

Benefit Obligation:	2018	2017
Discount rate	3.62%	3.62%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Net periodic pension cost:		
Discount rate	4.05%	3.31%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

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

2019	$ 834,000
2020	658,000
2021	652,000
2022	658,000
2023	671,000
Thereafter	3,276,000
	$ 6,749,000

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 $58,929 as of June 30, 2018, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $3,122. Decreasing the assumed health care cost trend rates by 1% would decrease the accumulated postretirement benefit obligation by $53,767 as of June 30, 2018, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $2,184.

NOTE 12 – 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 Internal Revenue Code Sections 457(b) and 457(f) for certain employees. The Jewish Board contributed approximately $164,000 and $174,000, respectively, for the years ended June 30, 2018 and 2017 to the SERP. The fair value of the plans' assets and resulting liabilities aggregated to approximately $2,518,349 and $2,292,992, respectively, as of June 30, 2018 and 2017. Plan assets are included in investments and the related liability is included in other pension liabilities in the accompanying statements of financial position.

NOTE 13 – 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 $5,221,000 and $4,546,000 as of June 30, 2018 and 2017, respectively. The Jewish Board had recorded a liability for this Plan amounting to $808,347, which was forgiven in fiscal year 2017 by the UJA-Federation.

NOTE 14 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

A. *Permanently restricted net assets*:

Endowment funds consist of donor-restricted endowment funds. 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 permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not classified in permanently restricted net assets is classified as temporarily 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 permanent 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 permanently 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 unrestricted, 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 both June 30, 2018 and 2017. 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 unrestricted net assets. As of June 30, 2018 and 2017, the endowment funds were not underwater.

The change in endowment net assets for the year ended June 30, 2018 follows:

	Temporarily Restricted	Permanently Restricted	2018 Total
Investment activity gain	$ 487,503	$ -	$ 487,503
Amount appropriated by the Board of Trustees	(216,535)	-	(216,535)
Net change	270,968	-	270,968
Balance, beginning of year	567,345	6,565,209	7,132,554
Balance, end of year	$ 838,313	$ 6,565,209	$ 7,403,522

NOTE 14 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS (Continued)

The change in endowment net assets for the year ended June 30, 2017 follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Investment activity gain	$ 120,068	$ 816,273	$ -	$ 936,341
Amount appropriated by the Board of Trustees	-	(248,928)	-	(248,928)
Net change	120,068	567,345	-	687,413
Balance, beginning of year	(120,068)	-	6,565,209	6,445,141
Balance, end of year	$ -	$ 567,345	$ 6,565,209	$ 7,132,554

B. Temporarily Restricted Net Assets:

As of June 30, 2018 and 2017, temporarily restricted net assets were restricted for the following purposes:

	2018	2017
Residential	$ 3,218,876	$ 3,544,857
Community services	2,216,714	3,066,258
Education	8,317,895	8,286,935
Unappropriated earnings	838,313	567,345
Other	12,445	15,085
	$ 14,604,343	$ 15,480,480

Time restricted net assets of approximately $915,000 and $1.3 million respectively, are included under community services and education as of June 30, 2018 and 2017.

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

	2018	2017
Residential	$ 382,716	$ 363,877
Community services	956,406	243,172
Education	412,000	885,853
Appropriated earnings	216,535	248,928
Other	3,000	3,000
	$ 1,970,657	$ 1,744,830

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. The Jewish Board has a number of operating lease agreements. As of June 30, 2018, annual minimum rentals payable for real and personal property, principally under long-term noncancellable operating leases expiring at varying dates through 2027, are as follows:

	Real Property	Vehicles and Equipment	Total
2019	$ 18,784,000	$ 426,000	$ 19,210,000
2020	10,698,000	126,000	10,824,000
2021	4,110,000	49,000	4,159,000
2022	2,787,000	10,000	2,797,000
2023	2,652,000	-	2,652,000
Thereafter	6,762,000	-	6,762,000
	$ 45,793,000	$ 611,000	$ 46,404,000

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

	2018	2017
Real property	$ 22,564,855	$ 21,789,997
Vehicles and equipment	781,305	772,826
	$ 23,346,160	$ 22,562,823

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 received in the form of additional Medicaid funding for its clinic and other related services called a Comprehensive Outpatient Services ("COPS") add-on. The COPS add-on was derived from a formula calculated by the New York State Office of Mental Health ("OMH"). After certain revenue thresholds were achieved for some services, a COPS Medicaid liability became due for payments received in excess of those revenue amounts. Effective October 2013, the COPS funding was discontinued statewide and the final reconciliation is complete. The Jewish Board is currently awaiting further action including future repayment terms. As of June 30, 2018 and 2017, the COPS liability included in due to funding sources in the accompanying statements of financial position amounted to approximately $708,000 and $1.3 million, respectively.

   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 statements of financial position.

D. The Jewish Board believes it has no uncertain tax positions as of June 30, 2018 and 2017 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 16 – 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, 2018 and 2017, there was approximately $5.9 million and $5.1 million, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits.

B. Certain full-time employees of The Jewish Board are covered by collective bargaining agreements as of June 30, 2017. 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, 2018 and 2017, The Jewish Board estimated approximately 47% and 45%, respectively, of its employees are covered under collective bargaining agreements.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 30, 2018, the date the financial statements were issued.