JEWISH FAMILY SERVICE OF ST. PAUL

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended
December 31, 2017

- This page intentionally left blank -

JEWISH FAMILY SERVICE OF ST. PAUL
TABLE OF CONTENTS

- This page intentionally left blank -

REDPATH AND COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service of St. Paul
St. Paul, Minnesota

We have audited the accompanying financial statements of Jewish Family Service of St. Paul (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of St. Paul as of December 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Jewish Family Service of St. Paul's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

April 4, 2018

FINANCIAL STATEMENTS

JEWISH FAMILY SERVICE OF ST. PAUL

STATEMENT OF FINANCIAL POSITION **Statement 1**

December 31, 2017

With Comparative Amounts For December 31, 2016

	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	$229,760	$183,950
Accounts receivable, net	150,702	116,579
Grants receivable	11,400	29,922
Prepaid expenses	7,834	22,082
Total current assets	399,696	352,533
Property and equipment:		
Land	151,321	151,321
Building and improvements	1,168,622	1,168,622
Software	15,929	15,929
Furniture and fixtures	66,779	66,779
Total property and equipment	1,402,651	1,402,651
Less accumulated depreciation	(561,675)	(523,863)
Net property and equipment	840,976	878,788
Noncurrent assets:		
Unemployment trust - net	27,241	34,235
Long-term investments	2,012,456	1,788,031
Total noncurrent assets	2,039,697	1,822,266
Total assets	$3,280,369	$3,053,587
Liabilities and net assets:		
Current liabilities:		
Accounts payable	$35,940	$28,857
Accrued expenses	152,667	133,994
Deferred program income	1,500	-
Total current liabilities	190,107	162,851
Net assets:		
Unrestricted:		
Operating contingency funds	541,236	482,664
Capital building fund	10,540	9,399
Investment in property and equipment	840,976	878,788
Undesignated	497,294	333,948
Total unrestricted	1,890,046	1,704,799
Temporarily restricted	588,974	576,077
Permanently restricted	611,242	609,860
Total net assets	3,090,262	2,890,736
Total liabilities and net assets	$3,280,369	$3,053,587

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

JEWISH FAMILY SERVICE OF ST. PAUL

STATEMENT OF ACTIVITIES **Statement 2**

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
Public support and revenue:					
Public support:					
Greater Twin Cities United Way	$104,975	$ -	$ -	$104,975	$138,315
Jewish Federation of Greater St. Paul	219,399	-	-	219,399	219,397
Meals on Wheels support	40,420	-	-	40,420	48,269
Contributions	188,782	110,500	1,382	300,664	404,168
Total public support	553,576	110,500	1,382	665,458	810,149
Revenue:					
Program service fees	1,756,458	-	-	1,756,458	1,294,120
Meals on Wheels client fees	59,192	-	-	59,192	81,255
Investment income	101,139	131,068	-	232,207	152,897
Miscellaneous revenue	100	-	-	100	569
Total revenue	1,916,889	131,068	0	2,047,957	1,528,841
Total public support and revenue	2,470,465	241,568	1,382	2,713,415	2,338,990
Net assets released from restrictions:					
Satisfaction of program restrictions	228,671	(228,671)	-	-	-
Total public support, revenue and releases	2,699,136	12,897	1,382	2,713,415	2,338,990
Expenses:					
Program services:					
Counseling and early intervention	143,427	-	-	143,427	125,720
Aging and disability services	1,740,406	-	-	1,740,406	1,525,920
Community programming	256,948	-	-	256,948	281,915
Total program services	2,140,781	0	0	2,140,781	1,933,555
Supporting services:					
Management and general	272,030	-	-	272,030	251,427
Fundraising	101,078	-	-	101,078	43,969
Total supporting services	373,108	0	0	373,108	295,396
Total expenses	2,513,889	0	0	2,513,889	2,228,951
Change in net assets	185,247	12,897	1,382	199,526	110,039
Net assets - beginning of year	1,704,799	576,077	609,860	2,890,736	2,780,697
Net assets - end of year	$1,890,046	$588,974	$611,242	$3,090,262	$2,890,736

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

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2017
With Comparative Totals For The Year Ended December 31, 2016

	Program Services		
Expenses:	Counseling and Early Intervention	Aging & Disability Services	Community Programming
Salaries and related expense:			
Salaries	$112,873	$1,190,340	$169,822
Employee benefits	6,175	129,180	26,096
Payroll taxes	8,520	78,333	6,833
Total salaries and related expense	127,568	1,397,853	202,751
Dues and subscriptions	-	400	33
Conferences and meetings	1,125	10,170	524
Occupancy	3,037	31,450	4,926
Insurance	760	7,613	1,194
Equipment rental and maintenance	-	358	60
Agency promotional activities	-	108	1,500
Mileage	200	17,977	3,539
Emergency and educational assistance	-	3,000	12,200
Program and professional fees	7,349	217,291	18,525
Program and office supplies	1,827	25,595	5,608
Telephone	166	5,035	934
Bad debt expense	-	-	-
Miscellaneous	-	-	-
Subtotal	142,032	1,716,850	251,794
Depreciation	1,395	23,556	5,154
Total expenses	$143,427	$1,740,406	$256,948

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

Program Services	Supporting Services			Totals	
Total Program Services	Management and General	Fundraising	Total Supporting Services	2017	2016
$1,473,035	$74,210	$45,912	$120,122	$1,593,157	$1,341,329
161,451	51,968	32,151	84,119	245,570	245,090
93,686	5,460	3,378	8,838	102,524	87,342
1,728,172	131,638	81,441	213,079	1,941,251	1,673,761
433	11,785	-	11,785	12,218	13,448
11,819	10,268	-	10,268	22,087	16,826
39,413	4,855	-	4,855	44,268	44,389
9,567	1,104	-	1,104	10,671	11,906
418	-	-	-	418	10,928
1,608	10,232	19,637	29,869	31,477	22,621
21,716	2,671	-	2,671	24,387	18,223
15,200	-	-	-	15,200	14,737
243,165	79,275	-	79,275	322,440	326,352
33,030	8,468	-	8,468	41,498	21,346
6,135	253	-	253	6,388	13,298
-	1,700	-	1,700	1,700	4,000
-	2,075	-	2,075	2,075	2,162
2,110,676	264,324	101,078	365,402	2,476,078	2,193,997
30,105	7,706	-	7,706	37,811	34,954
$2,140,781	$272,030	$101,078	$373,108	$2,513,889	$2,228,951

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

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF CASH FLOWS **Statement 4**
For The Year Ended December 31, 2017
With Comparative Amounts For The Year Ended December 31, 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$199,526	$110,039
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	37,811	34,954
Realized and unrealized (gain) loss on investments	(167,762)	(140,016)
Permanently restricted contributions	(1,382)	(1,468)
(Increase) decrease in receivables	(15,601)	(19,112)
(Increase) decrease in unemployment trust	6,994	1,518
(Increase) decrease in prepaid expenses	14,248	(3,750)
Increase (decrease) in accounts payable	7,083	(3,341)
Increase (decrease) in accrued expenses	18,673	20,891
Increase (decrease) in deferred program income	1,500	-
Net cash provided by (used in) operating activities	101,090	(285)
Cash flows from investing activities:		
Additions to investment pool, including reinvested income	(64,496)	(167,216)
Withdrawls from investment pool	7,834	9,869
Purchase of property and equipment	-	(22,374)
Net cash provided by (used in) investing activities	(56,662)	(179,721)
Cash flows from financing activities:		
Permanently restricted contributions	1,382	1,468
Net increase (decrease) in cash and cash equivalents	45,810	(178,538)
Cash and cash equivalents - beginning of year	183,950	362,488
Cash and cash equivalents - end of year	$229,760	$183,950

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND NATURE OF ACTIVITIES

Jewish Family Service of St. Paul (the Organization) is a not-for-profit multi-service organization. Its mission: Inspired by Jewish values, Jewish Family Service of St. Paul helps individuals and families build on their strengths to develop the skills and confidence to meet life's challenges with dignity. This is achieved by delivering a focused array of human services, serving all people in the community, and emphasizing responsive, accessible, collaborative and effective services.

B. DESCRIPTION OF PROGRAMS

Aging and Disability Services – the largest of the Organization's departments, provided services to over 1,330 adults, frail elders and persons with disabilities during 2017. Services include assessment and case management to help elders and disabled adults remain living at home, or in the least restrictive setting possible. Practically 100% of these individuals live at or below the poverty line. The Organization offers services and education to the caregivers of elderly family members, with over 50 participating in our "Powerful Tools for Caregivers" training to learn how to keep themselves and their loved one healthy. The Organization's LEAP (Life Enriching Activities Program) assesses and addresses mild to moderate depression symptoms in our senior population (55+). Seniors are encouraged to replace habits of inactivity and isolation with activities that are healthy, fun and bring meaning to their lives. The Organization's staff provided training to hundreds of individuals throughout a variety of corporate or community settings to increase awareness regarding dementia, with the goal to make our community and workplaces "dementia friendly". Through this training, participants learn about the progression of the disease and develop skills to help individuals living with dementia. The Organization also provides coaching to individuals living with dementia and their caregivers.

Counseling and Early Intervention – Counseling by licensed therapists helped 143 individuals and families identify and address areas of concern in relationships, dysfunctional behavior, and other crisis situations. Staff also work with children in grade school settings to help them develop healthy problem solving skills.

Community Case Management – Through case management and emergency financial support in the form of grants and loans, the Organization helped 68 individuals and families meet their basic needs and avoid eviction/foreclosure or utility shut-off. The Organization also co-administers the Jewish Free Loan Program that provides zero-interest loans up to $7,500 to members of the community. Hundreds of individuals received referrals and brief consultation when phoning our agency with requests. The Organization provides this information and referral service when we are not able to provide all of the services requested or when other service providers may be more appropriate due to location or specialty

Employment & Vocational Services – 127 people received job skills training, resume and interview assistance, formal occupational training and job placement services. Every participant receiving services identifies and addresses potential barriers to finding and maintaining employment. Due to funding reductions in 2017, the Organization is in the process of redesigning employment and training services.

Chaplaincy – The Organization's Chaplaincy program provides spiritual and moral support to people of all faiths, ages and backgrounds. Most services are provided to individuals and families facing end-of-life decisions. The Organization expanded this program in 2017 to train 7 para-chaplaincy volunteers who extend our Chaplaincy services.

Meals on Wheels – The Organization collaborates with the Jewish Federation of Greater St. Paul, Sholom Community Alliance and the St. Paul Jewish Community Center to deliver 12,000 nutritious, Kosher meals to isolated seniors throughout St. Paul.

Family Life Education – The Organization initiated this program in 2017 to provide a variety of educational services to the community, in collaboration with many community organizations and faith communities. During 2017, staff worked with community partners to identify and prioritize potential topics and programs.

Volunteer Engagement – The Organization utilizes volunteers to assist with the provision of our services, either one-on-one with clients or through group projects. In 2017, volunteers provided, packed and delivered necessary Passover supplies to 170 families who otherwise could not have celebrated the holiday due to lack of funds. Volunteers also provided, packed and delivered holiday gift baskets to 200 families to provide for a more joyous holiday season.

C. INCOME TAX STATUS

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. The Organization is classified as a publicly supported organization and contributions to the Organization qualify as a charitable tax deduction for the contributor. Such organizations are subject to tax on unrelated business taxable income. The Organization has not had any material unrelated business income.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Organization has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

D. BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America.

E. FINANCIAL STATEMENT PRESENTATION

Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted – Resources over which the Board of Directors has discretionary control.
- Temporarily restricted with respect to time or purpose – Resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or passage of time.
- Permanently restricted – Resources subject to a donor-imposed restriction that they be maintained permanently.

F. CONTRIBUTIONS

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization does not have any uncollectible promises to give receivable.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is temporarily restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

G. REVENUE RECOGNITION

In accordance with GAAP, contributions are recognized as revenue when they are received or unconditionally pledged.

Service fees are recorded as revenue when earned.

H. ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at cost or in the case of contributed property at the fair market value at the date of contribution. Expenditures greater than $1,000 for the acquisition of property and equipment are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of the assets.

Buildings and improvements	5-40 years
Furniture and fixtures	3-7 years
Software	5 years

J. DONATED SERVICES, MATERIALS AND EQUIPMENT

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

K. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

L. CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amount.

M. INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and realized and unrealized gains and losses are reported as increase/decrease in unrestricted, temporarily and permanently restricted net assets in the reporting period in which the income and gains and losses are recognized.

N. ACCOUNTS RECEIVABLE

Accounts receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. Management has established an allowance for doubtful accounts at December 31, 2017 of $9,700.

O. CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk are principally cash and cash equivalents. The Organization places its cash investment with a high quality financial institution. Although the balance may at times exceed the federally insured limits, the Organization has not experienced losses in these accounts and does not believe it is exposed to any significant credit risk.

P. GOVERNMENT GRANTS

Government grants are typically designated for use by specific program or conditional upon future events. Advances and/or revenue from such grants are deferred until such conditions are met or services rendered. Uncollectible grants receivable are expected to be insignificant. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the determination is made.

Q. COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

R. RECLASSIFICTION

Certain prior year amounts have been reclassified to conform to the current year presentation. There was no impact from the reclassification on the 2016 net assets or change in net assets.

Note 2 INVESTMENTS AND INVESTMENT INCOME

At December 31, 2017, the Organization held the following long-term investments:

Deposit accounts with broker	$35,773
Corporate bonds	124,436
Equities:	
Corporate stock	662,492
Exchange traded funds	1,175,518
Other securities - REIT	14,237
	$2,012,456

Investment income and unrealized and realized gains and losses on long-term investments for both restricted and unrestricted net assets is summarized as follows for the year ended December 31, 2017:

Investment income:	
Interest and dividend income	$64,445
Change in fair value	167,762
Total investment income	$232,207

Note 3 ENDOWMENTS

A. GENERAL

As of December 31, 2017, the Organization's endowment consists of 18 individual donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

B. INTERPRETATION OF RELEVANT LAW AND ACCOUNTING PRESENTATION

The Board of Directors of the Organization has interpreted the State of Minnesota's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Organization to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds unless there are explicit donor stipulations to the contrary:

1. The duration and preservation of the fund
2. The purposes of the Organization and the endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policy of the Organization

For accounting purposes only, the Organization 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 Organization.

C. FINANCIAL INFORMATION

Changes in donor-restricted endowment net assets for the year ended December 31, 2017:

		Donor-Restricted Net Assets		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - beginning of year	$ -	$305,840	$609,860	$915,700
Investment return:				
Interest and dividends	-	29,208	-	29,208
Change in fair value	-	85,894	-	85,894
Expenses	-	(4,010)	-	(4,010)
Total investment return	0	111,092	0	111,092
Contributions	-	-	1,382	1,382
Appropriation of endowment assets for expenditure	-	(36,628)	-	(36,628)
Balance - end of year	$0	$380,304	$611,242	$991,546

D. INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has an investment policy to ensure fiduciary oversight of invested resources. The overall objective of the policy is to grow real assets to ensure the long-term asset base for the Organization. This must be done with a balanced investment approach to adjust for anticipated disbursements, inflation and overall economic conditions. The expectation is that investment returns will meet or exceed the model portfolio benchmarks over the past three years.

E. STRATEGIES EMPLOYED FOR ACHIEVING INVESTMENT OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

For the Organization's endowment funds:

1. A growth and income objective will be followed with a moderate risk tolerance.
2. The time horizon for investments is long term. The expectation is that the actual returns meet or exceed portfolio benchmarks over at least 3 years, utilizing a model allocation of 60% equities and 35% fixed income with a flexible variance of plus or minus 5%. This model portfolio helps define the relative level of risk the organization deems appropriate along with an expected return relative to the benchmarks defined.
3. The equity component will be allocated among large cap, mid cap, small cap, value and growth styles, real estate, and international funds in consultation with the Organization's Investment Committee.
4. The benchmark return will continue to be the weighted average of the indices currently used for the asset subclasses.

F. SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO THE SPENDING POLICY

At the direction of the Board of Directors, the amount that may be distributed from permanently restricted (endowment) funds will be no more than 5% of the rolling average value per year as defined below. The specific amount of the release will be recommended to the Board of Directors by the Finance Committee. The rolling average value will be calculated by adding the total value of the endowments at the end of each of the last 12 quarters and dividing by 12. For distributions, this calculation will be made on June 30 of the current calendar year and will be used as the basis for the next years' budget. The principle of the policy is to keep the original endowment gift (corpus) intact. Additionally, any specific requirements from the original donors must be honored in terms of use and distribution of the funds.

G. FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets. There were no funds in a deficit position as of December 31, 2017.

Note 4 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowment funds as described in Note 3.

Note 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017:

Accumulated earnings on endowment funds	$380,304
Other purpose restrictions	208,670
	$588,974

Note 6 CONCENTRATION OF REVENUE

The Organization receives a significant amount of support from the Jewish Federation of Greater St. Paul and program service fee revenue from governmental agencies. Any change in the level of funding from these entities could affect the activities of the Organization.

Note 7 LINE OF CREDIT

On February 2, 2017, the Organization renewed a $150,000 line of credit with Bremer Bank through February 3, 2019. The line of credit is collateralized by the assets of the Organization. Interest accrues daily at an annual rate equal to the prime rate plus 1% with a minimum rate of 4.5%. Covenants of the loan require the Organization to maintain a minimum of $300,000 in marketable security investments at all times. There was no outstanding balance at December 31, 2017.

Note 8 EMPLOYEE CONTRIBUTIONS PLAN

A. DEFINED BENEFIT PLAN – TWIN CITIES NONPROFIT PARTNERS PENSION PLAN

The Organization participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,061 participants, approximately 2% are Organization employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services.

As required by GAAP for this plan, an employer shall recognize as net pension cost the required contribution for the period and shall recognize as a liability any contribution due and unpaid. The funding is determined by the actuary and is allocated based on employee compensation among the participating agencies. The objective in funding the plan is to accumulate sufficient funds to provide for benefits and to achieve full funding to allow for termination of the plan. Because the plan's unfunded projected termination liability exceeds the fair market value of plan assets, continued annual contributions will be required in order to achieve full funding. If any participating agency defaults on their annual contributions, the Organization and the other remaining agencies assume the liability and contributions of the agency in default. Plan assets are invested based on a long term investment strategy and held approximately 30% in fixed income securities and 70% in equity accounts. The Organization made contributions of $30,464 for 2017, which is recognized as pension cost.

The following table presents information concerning the Organization's participation in the multiemployer defined benefit pension plan:

Legal name	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan number	41-1973442/333
Plan year end	12/31/2017
Pension Protection Act % Funded	110%
Contributions by The Organization	$30,464
Contributions as % of total contributed	1.9%
Rehabilitation Plan Status	N/A

B. DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) thrift plan with Mutual of America Life Insurance Company. The plan includes all employees who work a minimum of twenty hours per week, are twenty-one years of age, and have completed one year of service. The Organization matches 50% of the employee's contribution up to a maximum of 2% of salary. During 2017, the Organization's matching contributions were $25,418.

Note 9 FAIR VALUE MEASUREMENTS

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

Assets or liabilities that are measured at fair value on a recurring basis are as follows at December 31, 2017:

	Level 1	Level 2
Investments:		
Corporate bonds	$ -	$124,436
Equities:		
Corporate stock	662,492	-
Exchange traded funds	1,852,247	-
Other securities - REIT	14,237	-
	$2,528,976	$124,436

Corporate stock, including the REIT investment and exchange traded funds (ETF) are valued using quoted prices in active markets. Corporate bonds are valued using data which may include market data and/or quoted market prices from markets that are not active or are for the same or similar assets in active markets.

Note 10 UNEMPLOYMENT TRUST

The Organization self-insures for Minnesota unemployment via the Unemployment Services Trust. The Unemployment Trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the Unemployment Trust is based on an estimate of actual claims. The net recorded balance at December 31, 2017 was $27,241 which consists of a gross balance of $27,241 less estimated claim incurred of $0.

Note 11 COLLABORATIVE AGREEMENT

During 2012, the Organization entered into an agreement with Jewish Family and Children's Service of Minneapolis (JFCS) to collaborate their job training programs. The Organization is the lead agency for this collaboration and receives the joint funding from the United Way. The funding due to JFCS is reported as a liability on the statement of financial position. This agreement expired June 30, 2017.

Note 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 4, 2018, the date the financial statements were available to be issued, and concluded that there are no subsequent events that require disclosure.