Jewish Family Service of Greater Harrisburg, Inc.

Financial Statements

August 31, 2019 and 2018

FOCUSED. ON YOU.

Jewish Family Service of Greater Harrisburg, Inc.

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August 31, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors
Jewish Family Service of Greater Harrisburg, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of Greater Harrisburg, Inc., which comprise the statement of financial position as of August 31, 2019 and 2018, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Jewish Family Service of Greater Harrisburg, Inc. as of August 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RKL LLP

January 17, 2020
Mechanicsburg, Pennsylvania

	August 31, 2019	August 31, 2018
Assets		
Current Assets		
Cash and cash equivalents	**$ 127,973**	$ 59,520
Accounts receivable, net	**106,300**	109,279
Pledge receivable	**9,138**	11,462
Prepaid expenses	**5,637**	3,547
Total Current Assets	**249,048**	183,808
Beneficial Interest in Net Assets of a Community Foundation	**156,716**	170,976
Property and Equipment, Net	**15,542**	19,089
Total Assets	**$ 421,306**	$ 373,873
Liabilities and Net Assets		
Current Liabilities		
Line of credit	**$ 120,000**	$ 120,000
Accounts payable	**34,177**	49,552
Accrued payroll taxes and other expenses	**3,071**	3,211
Total Current Liabilities	**157,248**	172,763
Net Assets		
Without donor restrictions	**54,350**	7,745
With donor restrictions	**209,708**	193,365
Total Net Assets	**264,058**	201,110
Total Liabilities and Net Assets	**$ 421,306**	$ 373,873

See accompanying notes.

	Year Ended August 31, 2019	2018
Net Assets without Donor Restrictions		
Revenue, gains, and other support		
Program service fees	**$ 1,140,693**	$ 1,064,941
Support		
Contributions	**199,224**	457,020
United Way of the Capital Region	**11,167**	12,418
Jewish Federation of Greater Harrisburg	**45,000**	45,000
Other grants	**9,270**	500
	264,661	514,938
Interest income	**5**	48
Miscellaneous income	**1,764**	2,604
Net assets released from restrictions	**36,765**	39,414
	38,534	42,066
Total revenue, gains, and other support	**1,443,888**	1,621,945
Functional expenses		
Program services	**1,142,136**	1,350,503
Supporting services		
Management and general	**180,359**	217,822
Fund-raising	**74,788**	75,123
Total functional expenses	**1,397,283**	1,643,448
Increase (Decrease) in Net Assets without Donor Restrictions	**46,605**	(21,503)
Net Assets with Donor Restrictions		
Support - United Way of the Capital Region	**8,158**	9,682
Contributions	**59,210**	18,850
Change in beneficial interest in net assets of a community foundation	**(14,260)**	12,570
Net assets released from restrictions	**(36,765)**	(39,414)
Increase in Net Assets with Donor Restrictions	**16,343**	1,688
Increase (Decrease) in Net Assets	**62,948**	(19,815)
Net Assets at Beginning of Year	**201,110**	220,925
Net Assets at End of Year	**$ 264,058**	$ 201,110

Jewish Family Service of Greater Harrisburg, Inc.

Statement of Functional Expenses

Year Ended August 31, 2019 with Comparative Totals for 2018

		Supporting Services		Total	
	Program Services	Management and General	Fund-Raising	2019	2018
Functional Expenses					
Compensation	$ 688,032	$ 114,866	$ 46,445	$ 849,343	$ 831,266
Payroll taxes	55,729	11,088	4,057	70,874	66,764
Employee benefits	69,372	13,737	1,823	84,932	79,210
Total Compensation and Benefits	813,133	139,691	52,325	1,005,149	977,240
Advertising and promotion	5,762	-	-	5,762	4,513
Bad debts	26,000	-	-	26,000	29,718
Conferences and seminars	6,649	231	-	6,880	4,714
Depreciation	4,482	654	284	5,420	3,061
Dues and subscriptions	12,105	666	4,474	17,245	18,423
Equipment repairs and maintenance	26,000	3,791	1,647	31,438	36,844
Interest	6,410	935	406	7,751	6,264
Insurance	11,294	1,647	716	13,657	16,053
Meals	35,402	-	-	35,402	31,138
Meetings and banquets	952	2,103	429	3,484	1,815
Office renovations	-	-	-	-	210,894
Office supplies	12,625	1,555	693	14,873	19,955
Program expenses	103,890	487	11,183	115,560	160,597
Postage	1,902	267	668	2,837	1,957
Professional services	21,067	23,933	-	45,000	48,104
Rent	21,088	3,076	1,336	25,500	23,850
Telephone	1,938	85	87	2,110	10,894
Travel	24,601	241	107	24,949	29,583
Utilities	6,836	997	433	8,266	7,831
Total Other Expenses	329,003	40,668	22,463	392,134	666,208
Total Functional Expenses	$ 1,142,136	$ 180,359	$ 74,788	$ 1,397,283	$ 1,643,448

Statement of Functional Expenses (continued)
Year Ended August 31, 2019 with Comparative Totals for 2018

	Program Services							Total	
	Adoption	Case Management	Counseling	Group Home	Family Based Mental Health	Jewish Family Assistance	Kosher Meals on Wheels	2019	2018
Functional Expenses									
Compensation	$ 212,819	$ 12,883	$ 217,035	$ 3,274	$ 206,041	$ 14,870	$ 21,110	$ 688,032	$ 684,347
Payroll taxes	16,944	987	17,369	257	16,854	1,344	1,974	55,729	55,016
Employee benefits	27,010	4,758	19,612	541	13,354	1,560	2,537	69,372	68,128
Total Compensation and Benefits	256,773	18,628	254,016	4,072	236,249	17,774	25,621	813,133	807,491
Advertising and promotion	3,145	-	551	-	2,066	-	-	5,762	4,513
Bad debts	-	-	26,000	-	-	-	-	26,000	29,718
Conferences and seminars	2,270	-	2,279	-	2,100	-	-	6,649	4,165
Depreciation	1,473	73	1,349	9	1,329	85	164	4,482	2,560
Dues and subscriptions	1,602	74	8,810	9	1,356	87	167	12,105	13,349
Equipment repairs and maintenance	8,542	421	7,825	53	7,712	494	953	26,000	30,813
Interest	2,106	104	1,929	13	1,901	122	235	6,410	5,238
Insurance	3,711	183	3,399	23	3,350	214	414	11,294	13,426
Meals	-	-	-	-	-	-	35,402	35,402	31,138
Meetings and banquets	14	-	330	-	413	11	184	952	336
Office renovations	-	-	-	-	-	-	-	-	176,371
Office supplies	3,774	173	4,900	22	3,163	202	391	12,625	16,416
Program expenses	86,938	109	1,365	7	4,991	9,735	745	103,890	124,983
Postage	653	30	555	4	547	45	68	1,902	1,430
Professional services	5,435	-	3,070	12,540	22	-	-	21,067	23,089
Rent	6,928	342	6,347	43	6,255	400	773	21,088	19,946
Telephone	230	49	174	1	1,452	11	21	1,938	9,454
Travel	12,834	303	104	-	10,687	83	590	24,601	29,485
Utilities	2,246	111	2,057	14	2,028	130	250	6,836	6,582
Total Other Expenses	141,901	1,972	71,044	12,738	49,372	11,619	40,357	329,003	543,012
Total Functional Expenses	$ 398,674	$ 20,600	$ 325,060	$ 16,810	$ 285,621	$ 29,393	$ 65,978	$ 1,142,136	$ 1,350,503

See accompanying notes.

	Years Ended June 30, 2019	2018
Cash Flows from Operating Activities		
Change in net assets	**$ 62,948**	$ (19,815)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in beneficial interest in net assets of a community foundation	**14,260**	(12,570)
Depreciation	**5,420**	3,061
(Increase) decrease in assets		
Accounts receivable	**2,979**	82,971
Pledge receivable	**2,324**	4,732
Prepaid expenses	**(2,090)**	8,279
Increase (decrease) in liabilities		
Accrued payroll taxes and other expenses	**(140)**	564
Accounts payable	**(15,375)**	(40,311)
Net Cash Provided by Operating Activities	**70,326**	26,911
Cash Flows from Investing Activities		
Purchase of property and equipment	**(1,873)**	(14,952)
Net Cash Used in Investing Activities	**(1,873)**	(14,952)
Cash Flows from Financing Activities		
Net proceeds from line of credit	**-**	6,630
Net Cash Provided by Financing Activities	**-**	6,630
Net Increase in Cash and Cash Equivalents	**68,453**	18,589
Cash and Cash Equivalents at Beginning of Year	**59,520**	40,931
Cash and Cash Equivalents at End of Year	**$ 127,973**	$ 59,520
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 7,751**	$ 6,264

See accompanying notes.

Note 1 - Nature of Business

Jewish Family Service of Greater Harrisburg, Inc. (the Corporation) is a social service agency. Until November 7, 1996, activities of the Corporation were provided through the United Jewish Community of Greater Harrisburg, now Jewish Federation of Greater Harrisburg. On November 7, 1996, the Corporation became a separate legal entity, organized as a Pennsylvania nonprofit corporation. The Corporation provides assistance to Jewish and general communities through adoption and foster care services, case management, counseling, kosher meals on wheels, outreach services, family based mental health services, children's play, and cognitive behavioral therapy, children's support and other groups, and other programs.

Note 2 - Summary of Significant Accounting Policies

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows.

Basis of Accounting

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

Basis of Presentation

The Corporation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Corporation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-Restricted Gifts

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts (continued)

The Corporation reports gifts of property and equipment (or any other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported net of an allowance for doubtful accounts to reserve for potential uncollectible amounts. Receivables are generally due thirty days after billed. The allowance for doubtful accounts is estimated based upon the collectability of delinquent accounts, generally those accounts that are three months or more past due. Receivables are charged off against the allowance when, in the judgement of management, it is unlikely they will be collected. Allowance for doubtful accounts was $59,280 and $56,542 at August 31, 2019 and 2018, respectively.

Pledges Receivable

Unconditional promises to give are recorded as pledges and are recognized as revenues when notified of the pledge. Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts were computed using risk-free interest rates. Amortization of the discount, if any, is included in contribution income. The allowance method is used to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Beneficial Interest in Net Assets of a Community Foundation

Beneficial interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Property and Equipment

Property and equipment are recorded at cost, if purchased, and fair value at the date of the donation, if contributed. Expenditures and betterments that enhance property and equipment values are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets.

Note 2 - Summary of Significant Accounting Policies (continued)

Long-Lived Assets

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management of the Corporation concluded that no impairment adjustments were required during the years ended August 31, 2019 or 2018.

Donated Services

The Corporation receives donated services in carrying out its activities. In accordance with FASB ASC 958-605-25, these donated services do not meet the criteria for recognition as contributed services and, therefore, no revenue or expense for donated services are included in the financial statements.

Income Tax Status

The Corporation is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes on related activities pursuant to 509(a) of the IRC. In addition, the Corporation was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

The Corporation follows the standards for accounting for uncertainty in income taxes according to the principles of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires management to evaluate tax positions taken by the Corporation, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Corporation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before August 31, 2016.

Functional Allocation of Expenses

The Corporation allocates its expenses on a functional basis among the various program and supporting services. Expenses that can be identified, with a specific program and supporting services, are allocated directly according to their natural expenditures classification. Certain expenses have been allocated among the programs and supporting services benefited using reasonable and applicable basis that may include square footage and estimated time and usage.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Advertising

The Corporation follows the policy of charging costs of advertising to expense as incurred.

Adoption of New Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. The Corporation has implemented this ASU as of August 31, 2019, and has adjusted the presentation of the accompanying financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no effect on net asset restrictions.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall*, *Recognition and Measurement of Financial Assets and Liabilities*, requiring an entity with equity investments to measure the investments at fair value with the changes in fair value recognized in net income. Entities with equity investments that do not have readily determinable fair values may choose to measure the investments at cost minus impairment, plus or minus changes resulting from observable price changes in transactions of identical or similar investments of the same issuer. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine which lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. This standard was to be effective for the fiscal years beginning after December 15, 2019. However, in July 2019, the FASB approved delaying the effective date for private companies and nonprofit organizations one year, making the standard effective for the fiscal years beginning after December 15, 2020.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a Consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for fiscal years beginning after December 15, 2018. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for annual periods beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities.

The Corporation is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

Note 3 - Liquidity and Availability

The Corporation manages its liquidity by managing its working capital.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at August 31, 2019:

Cash and cash equivalents	**$ 127,973**
Accounts receivable, net	**106,300**
Pledge receivable	**9,138**
Prepaid expenses	**5,637**
Beneficial interest in net assets of a community foundation	**156,716**
Total Financial Assets	**405,764**
Amounts that are internally designated or externally restricted	
Restricted cash and cash equivalents	**(44,834)**
Pledge receivable - United Way	**(8,158)**
Beneficial interest in net assets of a community foundation	**(156,716)**
Financial Assets not Available to be Used Within One Year	**(209,708)**
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 196,056**

The Corporation has assets limited to use due to being held in accounts designated for use for certain programs and invested in a beneficial interest in net assets of a community foundation. These assets limited to use, which are more fully described in Notes 5, 6, 7, and 10 are not available for general expenditure within the next year.

The Corporation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Corporation manages its cash available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability; and
- Sustaining adequate liquid assets.

Note 4 - Concentrations

The Corporation maintains cash balances at financial institutions, which may at times, exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risks on its cash accounts.

The Corporation has a contract with a non-related social service organization to provide adoption services. Revenue from this contract is included in Program Services Fees-Adoption and is 27% and 26%, respectively, of total program service fees revenue during each of the years ended August 31, 2019 and 2018, and the receivable amount from this organization is 35% and 20% of total accounts receivable at August 31, 2019 and 2018, respectively.

Note 5 - Pledge Receivable

The pledge receivable consists of United Way funding for the subsequent year and various contribution amounts pledged by individuals payable in the subsequent year. The pledge receivable amounts have been recorded at estimated realizable value, net of allowance for uncollectible pledge receivable of $-0- at August 31, 2019 and 2018 as follows: $8,158 and $9,682, respectively, for United Way funding and $980 and $1,780, respectively, for pledged contributions from individuals.

Note 6 - Beneficial Interest in Net Assets of a Community Foundation

The Corporation is the beneficiary of eight endowment funds of the Greater Harrisburg Foundation, a component of the Foundation for Enhancing Communities (the Foundation), a community foundation. The funds are the property of the Foundation and are held as component funds of the Foundation. The Corporation funds are co-mingled with those of other funds for investment purposes.

The Board of Directors has directed the Foundation to distribute the income according to the Foundation's spending policy for the endowment funds.

The organizational endowment funds are reflected in the statement of financial position as interest in net assets of a community foundation.

Note 7 - Fair Value of Financial Instruments

Financial Accounting Standards Board Accounting Standards Codification 820-10-05, *Fair Value Measurements* (FASC 820-10-05), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on the transparency of the inputs to the valuation of an asset or liability as follows:

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

Level 2 - Inputs to the valuation methodology include other significant observable inputs such as:

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

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

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

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

The following is a description of the valuation methodology and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2019.

Beneficial interest in net assets of a community foundation

Assets held by the Foundation are invested in fixed income funds, equities and equity funds that have quoted prices in active markets. The Corporation adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the assets being carried at fair value. The interest in the assets held by the Foundation is measured using Level 3 inputs within the fair value hierarchy.

Note 7 - Fair Value of Financial Instruments (continued)

Assets/liabilities measured at fair value on recurring basis comprise the following:

	Fair Value Measurements at August 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in net assets of a community foundation	**$ -**	**$ -**	**$ 156,716**	**$ 156,716**
	Fair Value Measurements at August 31, 2018			
Beneficial interest in net assets of a community foundation	$ -	$ -	$ 170,976	$ 170,976

For assets falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended August 31 is as follows:

	Beneficial Interest in Net Assets of a Community Foundation
Balance at August 31, 2017	$ 158,406
Unrealized gains	12,570
Balance at August 31, 2018	**170,976**
Unrealized losses	**(14,260)**
Balance at August 31, 2019	**$ 156,716**

The unrealized gains and losses for beneficial interest in net assets of a community foundation are included as change in beneficial interest in net assets of a community foundation on the statement of activities.

Note 8 - Property and Equipment, Net

Property and equipment consist of the following at August 31:

	2019	2018
Furniture and equipment	**$ 44,799**	$ 42,927
Accumulated depreciation	**(29,257)**	(23,838)
	$ 15,542	$ 19,089

Note 9 - Line of Credit

The Corporation has a $120,000 business line of credit loan with BB&T. The line of credit is payable in monthly installments of interest only and principal is due on demand. The interest rate is a variable rate of interest that is equal to the lender's prime rate, plus 0.50%. The interest rate at August 31, 2019 and 2018 was 5.75% and 5.50%, respectively.

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions which are temporary in nature are available for the following purposes at August 31:

	2019	2018
Pledge Receivable - United Way	**$ 8,158**	$ 9,682
Jewish Family Service Operating Resources Fund	**69,015**	75,662
Jewish Family Service Counseling Subsidy Fund	**9,492**	10,455
Jewish Family Service Healing Center Fund	**15,288**	16,760
Jewish Family Service Family Life Education Fund	**9,502**	10,437
Jewish Family Service Outreach Programs Fund	**10,184**	14,202
Jewish Family Assistance Endowment Fund	**12,953**	11,224
Jack, Jan, and Harren Pitnick Fund	**19,564**	20,516
Libby Urie Philanthropic Fund	**10,718**	11,720
Case Management and Family Assistance Program	**44,834**	12,707
	$ 209,708	$ 193,365

Note 11 - Pension Plan

Pension benefits are provided to the Corporation's employees under the Jewish Federation of Greater Harrisburg Pension Plan, a noncontributory defined benefit pension plan sponsored by Jewish Federation of Greater Harrisburg covering employees who meet age and service requirements. The plan was amended effective December 31, 2013 to exclude from participation all employees not already participating in the plan and to cease benefit accruals and the crediting hours of service for purposes of accruing additional years of benefit service. Eligible employees may have elected to be excluded from the plan. Benefits are based on years of service and average compensation of the employees. The Corporation does not have a formal agreement to determine the amount of its pension contribution to be made to the plan, if any. Jewish Federation of Greater Harrisburg, based on the actuarial report for the plan, required cash contributions to the plan of $23,693 and $20,543 for the years ended August 31, 2019 and 2018, respectively.

The Corporation sponsors a 403(b) defined contribution plan covering substantially all of its employees. Eligibility occurs immediately upon employment with the Corporation. The plan is entirely funded by voluntary employee contributions. The Corporation does not match employee contributions or make additional contributions to the plan.

Note 12 - Operating Leases

During April 2014, the Corporation entered into a 63-month non-cancelable copier lease. The base monthly lease payment was $343. During September 2017, the Corporation modified this lease with a new 63-month non-cancelable copier lease with a base monthly lease payment of $381. Rent expense under the lease agreement for the years ended August 31, 2019 and 2018 was $5,458 and $5,454, respectively. Future minimum lease payments for the next three years are $4,577 annually through the year ended August 31, 2022 and $1,144 for the year ended August 31, 2023.

Note 13 - Related Party Transactions

The fundamental relationship between the Corporation and the Jewish Federation of Greater Harrisburg (formerly the United Jewish Community of Greater Harrisburg) that reflects the purposes for which the Corporation was created is described in a relationship agreement dated February 8, 2001. The Corporation received $45,000 cash support from Jewish Federation of Greater Harrisburg during the years ended August 31, 2019 and 2018.

In an agreement dated February 8, 2001, the Corporation entered into a lease agreement to lease a building owned by Jewish Federation of Greater Harrisburg. In addition, this agreement included administrative services to be provided by Jewish Federation of Greater Harrisburg. The initial term was five years, with the option to extend for one period of five years which was exercised on January 1, 2006 and the lease term was through December 31, 2010. However, the lease is being renewed on an annual basis with the same terms. The initial lease called for monthly rental payments of $1,210, with an additional $200 paid to a capital reserve fund held by Jewish Federation of Greater Harrisburg. In addition, the monthly rental payments are subject to annual increases by an amount equal to the increase in the Consumer Price Index. The current monthly rental amount is $2,125 at August 31, 2019. Total rental and facility expense under this lease for the years ended August 31, 2019 and 2018 was $25,500.

Note 13 - Related Party Transactions (continued)

The administrative services to be provided by Jewish Federation of Greater Harrisburg under this agreement include the administering of employee benefits and marketing and public relations services. During the years ended August 31, 2019 and 2018, the Corporation incurred expenses totaling $29,535 and $29,466, respectively, to Jewish Federation of Greater Harrisburg for pension, dental, vision, life and disability insurance, and other benefits, and $5,840 and $5,060, respectively, for marketing and public relations services. At August 31, 2019 and 2018, total amount payable to Jewish Federation of Greater Harrisburg was $9,853 and $16,127, respectively.

Note 14 - Program Service Fees

Program service fees consisted of the following for the years ended August 31:

	2019	2018
Adoption and Foster Care	**$ 463,739**	$ 475,780
Counseling	**297,900**	213,094
Kosher Meals on Wheels	**45,348**	38,715
Case Management	**22,424**	49,667
Group Home	**16,596**	16,596
Family Based Mental Health	**294,686**	271,089
	$ 1,140,693	$ 1,064,941

Note 15 - Reclassifications

Certain reclassifications were made to the financial statements for 2018 in order for them to be comparative to the 2019 presentation. These changes did not affect net assets and the changes in net assets for the year ended August 31, 2018.

Note 16 - Subsequent Events

The Corporation has evaluated subsequent events through January 17, 2020. This date is the date the financial statements were available to be issued. No material events subsequent to August 31, 2019 were noted.