



Report of Independent Auditors and  
Financial Statements for  
**Jewish Voice Ministries International**  
December 31, 2014

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Jewish Voice Ministries International

### **Report on Financial Statements**

We have audited the accompanying financial statements of Jewish Voice Ministries International ("JVMI"), a nonprofit organization which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, 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 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 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 Jewish Voice Ministries International as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the December 31, 2013 net assets have been restated to correct certain material misstatements. Our opinion is not modified with respect to this matter.

*Moss Adams LLP*

Scottsdale, Arizona  
September 2, 2015

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**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**STATEMENT OF FINANCIAL POSITION**

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<b>ASSETS</b>		December 31, 2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		\$ 11,179,152
Investments		21,541,050
Prepaid expenses, advances, and deposits		714,553
Inventories		1,408,290
Due from affiliates		440,365
Notes receivable, current		35,988
Total current assets		<u>35,319,398</u>
Investments		1,979,590
Notes receivable, long-term		957,354
Property and equipment, net		5,834,455
		<u>\$ 44,090,797</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable		\$ 522,873
Annuities due		1,080
Accrued expenses		201,947
Accrued payroll		315,432
Deferred revenue		45,630
Total current liabilities		<u>1,086,962</u>
Annuities due - future years		<u>8,920</u>
Total liabilities		<u>1,095,882</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated		34,141,963
Board designated quasi-endowment		1,994,379
Investment in property and equipment		5,834,455
Total unrestricted		41,970,797
Temporarily restricted:		
Donor use restricted		<u>1,024,118</u>
Total net assets		<u>42,994,915</u>
		<u>\$ 44,090,797</u>

**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2014
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	
Public support and revenue:	
General contributions	\$ 25,368,622
Tape, book, and other sales	1,826,558
Less: materials for resale	<u>(1,418,844)</u>
Gross profit from sales	407,714
Group travel	661,869
Interest and dividends	312,974
Other income	6,969
Gain on investments	352,807
Unrealized gain on investments	265,054
Gain on sale of equipment	<u>1,000</u>
Total public support and revenue before net assets released from restrictions	<u>27,377,009</u>
Satisfaction of use restrictions	<u>1,866,451</u>
Total public support and revenue	<u>29,243,460</u>
<b>EXPENSES:</b>	
Program services	14,114,893
Fundraising	5,703,875
General and administrative	<u>2,608,460</u>
Total expenses	<u>22,427,228</u>
Change in unrestricted net assets	<u>6,816,232</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	
Contributions	1,465,522
Net assets released from use restrictions	<u>(1,866,451)</u>
Change in temporarily restricted net assets	<u>(400,929)</u>
<b>CHANGE IN NET ASSETS</b>	<u>6,415,303</u>
NET ASSETS, beginning of year, as originally reported	37,394,963
Prior period adjustment, Note 10	<u>(815,351)</u>
NET ASSETS, beginning of year, as restated	<u>36,579,612</u>
NET ASSETS, end of year	<u><u>\$ 42,994,915</u></u>

# JEWISH VOICE MINISTRIES INTERNATIONAL

## STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2014			
	Program Services	Fund- raising	General and Administrative	Total
Broadcast time	\$ 4,566,633	\$ 855,051	\$ -	\$ 5,421,684
Staff compensation	2,007,892	530,464	915,190	3,453,546
Printing and production	297,311	1,788,379	30,137	2,115,827
Donor temporarily restricted distributions:				
Aliyah Fund	63,000	-	-	63,000
Bible Fund	1,763	-	-	1,763
Humanitarian Fund	64,000	-	-	64,000
Israel Support/Relief Fund	465,500	-	-	465,500
Israel Holocaust Survivors Fund	386,646	-	-	386,646
Life Straws	73,114	-	-	73,114
India Orphanage Fund	5,319	-	-	5,319
Medical Clinics	759,980	-	-	759,980
Other	47,129	-	-	47,129
Postage	273,233	1,171,296	172,095	1,616,624
Outsourced services	1,018,106	-	118,481	1,136,587
Global outreach	1,055,857	-	-	1,055,857
Depreciation	543,487	-	260,700	804,187
Outside ministry support	769,890	-	-	769,890
Web campaigns	390,318	330,156	-	720,474
Mailing service	113,583	359,165	-	472,748
Health and dental insurance	230,003	60,764	104,834	395,601
Professional services	70,714	141,428	178,314	390,456
Educational events	271,856	57,452	-	329,308
Discount fees	-	-	300,580	300,580
Staff travel	249,046	34,397	-	283,443
Telemarketing	-	264,897	-	264,897
Payroll taxes	140,424	37,099	64,005	241,528
Facility costs	-	-	175,028	175,028
Website	157,048	-	-	157,048
Equipment rental	122,845	-	4,985	127,830
Promotional costs	81,081	-	-	81,081
Supplies	43,150	1,213	35,538	79,901
Computer hardware and software expense	19,446	17,060	39,077	75,583
Employee benefits	24,280	6,415	28,009	58,704
Conferences and meetings	54,548	-	3,680	58,228
Publications	49,815	-	-	49,815
Repairs and maintenance	19,257	-	28,543	47,800
Media production	13,495	29,405	-	42,900
Insurance	-	-	42,723	42,723
Scholarships (Board designated)	40,905	-	-	40,905
Telephone	-	2,640	36,678	39,318
Bank and other fees	6,909	-	29,315	36,224
Shipping	30,850	-	3,746	34,596
Dues and subscriptions	10,796	129	11,772	22,697
Hospitality	-	6,878	10,229	17,107
Pensions and annuity expense	-	-	14,801	14,801
State registration	-	9,587	-	9,587
Vehicle cost	6,675	-	-	6,675
JVMI Affiliates and other expense reimbursements	(431,011)	-	-	(431,011)
	<u>\$ 14,114,893</u>	<u>\$ 5,703,875</u>	<u>\$ 2,608,460</u>	<u>\$ 22,427,228</u>



**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**STATEMENT OF CASH FLOWS**

	Year Ended December 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from donors	\$ 25,630,465
Various sales	1,826,558
Group travel	661,869
Various	6,969
Cash paid to employees	(3,756,953)
Cash paid to suppliers	<u>(17,657,021)</u>
Net cash provided by operating activities	<u>6,711,887</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and investment income	312,974
Gains on sales of capital assets	1,000
Purchase of quasi-endowment investments	(1,230,685)
Sale of quasi-endowment investments	252,032
Purchase of investments	(6,466,305)
Sale of investments	5,194,179
Cash received from notes and loans receivable	32,346
Gain on investment liquidations	352,807
Cash paid for capital asset purchases	<u>(257,421)</u>
Net cash used in investing activities	<u>(1,809,073)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,902,814
CASH AND CASH EQUIVALENTS, beginning of year, as restated	<u>6,276,338</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 11,179,152</u></u>
Reconciliation of change in net assets to	
net cash from operating activities:	
Change in net assets	\$ 6,415,303
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
(Increase) decrease in prepaid expenses, advances and deposits	(317,954)
(Increase) decrease in due from affiliates	(96,842)
(Increase) decrease in inventories	(304,332)
Increase (decrease) in accounts payable	214,744
Increase (decrease) in accrued expenses	96,581
Increase (decrease) in accrued payroll	150,898
Increase (decrease) in deferred revenue	14,356
Unrealized gain on investments	(265,054)
Depreciation	<u>804,187</u>
Net cash provided by operating activities	<u><u>\$ 6,711,887</u></u>

## **JEWISH VOICE MINISTRIES INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Nature of Organization**

Jewish Voice Ministries International (“JVMI”) is a not-for-profit tax-exempt organization with a two-fold mission:

(1) Proclaiming the Good News to the Jew first and also to the Nations by:

- Large-scale international festivals of Jewish music and dance
- International humanitarian and medical assistance
- Aliyah assistance
- Israel outreach
- Congregational and leadership development
- TV specials

(2) Equipping the Church by providing education about the Hebraic Roots of Christianity, the Church's responsibility to Israel and the Jewish people, and how to share Messiah with the Jewish people by:

- Media productions
- International television broadcasts
- A Dynamic Speaker's Bureau, bringing informative and inspirational messages to churches and congregations
- Israel Prophetic Teaching Tours, with unique Hebraic insights
- Print media, including books, publications, news, DVDs, CDs, and resources

On November 8, 1968, Jewish Voice Broadcasts, Inc. was incorporated in the State of Arizona as a Not-For-Profit Corporation.

On December 21, 2000 Jewish Voice Broadcasts, Inc. and Hear O Israel Ministries, Inc. merged. The surviving organization, Jewish Voice Broadcasts, Inc. changed its name to Jewish Voice Ministries International.

Support for this organization comes primarily from donor contributions, product sales, travel fees, and registration fees.

JVMI is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the “Code”) and comparable state law, and therefore, contributions by the public are tax deductible within the limitations prescribed by the Code. JVMI has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. JVMI files an annual Internal Revenue Service Form 990, *Return of Organization Exempt from Income Tax*, and is registered as a charitable organization in 38 states. JVMI is no longer subject to income tax examinations by taxing authorities for years before fiscal year 2010 for its federal and state filings.

## **JEWISH VOICE MINISTRIES INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 2 – Summary of Significant Accounting Policies**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Basis of accounting** – The financial statements are presented, on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Use of estimates** – the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates.

**Cash and cash equivalents** – JVMI considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of JVMI are excluded from this definition.

**Concentrations of credit and market risk** – JVMI maintains cash balances at financial institutions located in Arizona. Certain accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014 balances in excess of the federally insured limits were approximately \$10,296,239.

JVMI also invests in various investment securities. Investment securities are subject to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements. JVMI has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified when necessary.

**Investment valuation and income recognition** – Available funds are invested in certificates of deposits, corporate bonds, and equity securities. JVMI's investments are governed by an investment policy with guidelines for allowable investment securities, asset allocation, and maturities. Equity securities with readily determinable fair values and debt securities are measured at fair value based on quoted market prices. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees. Investment related expenses totaled approximately \$245,542 in 2014.

## **JEWISH VOICE MINISTRIES INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

Investments acquired by gift are recorded at their fair value at the date of the gift. JVMI policy is to liquidate all gifts of investments as soon as possible after the gift.

**Inventories** – Inventory consists of Judaica gift items, books, CD's, and DVD's and all other related items utilized in the media and print operations of JVMI. Inventory is valued at lower of cost or market with cost determined on the first-in first-out basis. A physical count of all merchandise inventory was performed for the years ended December 31, 2014.

**Notes receivable** – Notes receivable are evaluated for collectability based on credit history of the borrowers and their current financial condition.

**Property, equipment, and depreciation** – Capital property and equipment are recorded at cost. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Also, no adjustments have been made for appreciation or depreciation in real estate values. Therefore, the land and buildings are not being carried on the books at their market value.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized if over \$500 and determined to have a useful live greater than one year. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

**Classes of resources and net assets** – The financial statements report amounts separately by class of net assets. JVMI reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily and permanently restricted net assets. Gifts and contributions received with donor stipulations that limit the use of the asset are reported as restricted assets.

When a donor restriction expires, that is, when the a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Net assets are reported under the following classes:**

**Unrestricted** amounts are those currently available at the discretion of the board for use in JVMI's operations, Board designated quasi-endowment amounts approved by the Board of Directors for long-term investment purposes, and those resources invested in equipment.

## JEWISH VOICE MINISTRIES INTERNATIONAL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2 – Summary of Significant Accounting Policies (continued)

**Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. All contributions are considered available for the general program of JVMI, unless specifically restricted by the donor or subject to other legal restrictions.

**Revenue recognition** – Unrestricted contributions are recognized when cash or ownership of donated assets are unconditionally promised to JVMI. JVMI records its cost of premiums and premiums given in exchange for resources provided. JVMI records its cost of premiums as cost of sales since the cost is more than nominal value. Contributions are reported as part exchange transaction and part contribution.

Temporarily restricted contributions are recognized as contribution income in the statement of activities when cash or ownership of donated assets is unconditionally promised to JVMI and subsequently released to the unrestricted fund when expenses have been incurred in satisfaction of those restrictions.

Contributions other than cash are recorded at the fair value of the donated asset at the date of donation.

In the absence of donor restrictions as to the period in which funds received from legacies and bequests are to be used, revenue is recorded when the award is received.

Group travel revenue is recorded when the trips are made and other income is recognized when earned.

Other income is recognized when earned. Expenses are recognized when incurred in accordance with the accrual basis of accounting.

**Impairment of long-lived assets** – JVMI accounts for long-lived assets in accordance with generally accepted accounting principles which require that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

## **JEWISH VOICE MINISTRIES INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**Donated services** – Donated services are recognized as contributions in accordance with generally accepted accounting principles if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. No amounts have been reflected in the statements for donated services; however, JVMI receives the service of many volunteers to perform a variety of tasks that assist JVMI with specific programs. Since the services do not require specialized skills, they have not been valued in the accompanying financial statements.

**Allocation of expenditures** – The costs of providing the various program services and supporting activities of JVMI have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

#### **Note 3 – Fair Value of Assets**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that JVMI can access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market corroborated inputs.

**Level 3** – Unobservable inputs for the asset or liability. In these situations, JVMI develops inputs using the best information available in the circumstances.

**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3 – Fair Value of Assets (continued)**

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to JVMI's assessment of the quality, risk or liquidity profile of the asset or liability.

The related fair values of these assets are determined as follows at December 31, 2014:

	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Equity securities	\$ 13,070,012	\$ -	\$ -	\$ 13,070,012
Asset backed securities	1,196,175	-	-	1,196,175
Government securities	2,334,585	-	-	2,334,585
Corporate bonds	4,076,240	-	-	4,076,240
Gold	2,772,380	-	-	2,772,380
Church fund	-	-	71,248	71,248
	<u>\$ 23,449,392</u>	<u>\$ -</u>	<u>\$ 71,248</u>	<u>\$ 23,520,640</u>

## JEWISH VOICE MINISTRIES INTERNATIONAL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4 - Notes Receivable

The following is a summary of notes receivable at December 31, 2014:

Executive Director; interest at 3.25% per annum; secured by real property located in Phoenix, AZ; monthly payments of principal and interest of \$4,821; last payment due on April 1, 2033.	\$ 800,463
Westminister Fellowship, Inc.; interest at 5.00% per annum; secured by vacant land located in Phoenix, AZ; monthly payments of principal and interest of \$1,074; amortized over 30 years; balloon payment due on September 20, 2019.	<u>192,879</u>
	993,342
Less amount due within one year	<u>(35,988)</u>
Long-term notes receivable	<u><u>\$ 957,354</u></u>

Notes receivable are evaluated for collectability. No provision for loss was considered necessary by management at December 31, 2014 as borrowers are paying in accordance with terms and the loans are secured by real estate.

The note receivable from the Executive Director is considered a related-party transaction.

#### Note 5 - Inventories

The following is a summary of inventories at December 31, 2014:

Judaica	\$ 733,017
Books	479,595
Videos	101,499
Tapes/CDs	50,296
Jewelry	25,190
Other	<u>18,693</u>
	<u><u>\$ 1,408,290</u></u>



**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 6 - Property and Equipment**

The following is a summary of property and equipment, at cost, less accumulated depreciation, at December 31, 2014:

Real property	\$ 5,635,714
Real property improvements	263,360
Television equipment	2,967,222
Studio equipment	692,404
Furniture/fixtures	405,802
Land	360,000
Computer equipment	293,443
Office equipment	120,182
Festival equipment	125,602
Transportation equipment	121,260
Computer software	22,188
Library	<u>16,782</u>
	11,023,959
Less accumulated depreciation	<u>5,189,504</u>
Property and equipment, net	<u><u>\$ 5,834,455</u></u>

Depreciation expense on the above assets for the year ended December 31, 2014 was \$804,187.

There is no depreciation provided for on assets held for sale. The above property and equipment is unencumbered at December 31, 2014.

The useful lives of depreciable property and equipment for purposes of computing depreciation are:

Real property	39 years
Real property improvements	12 years
Television equipment	7 years
Studio equipment	7 years
Furniture/fixtures	7 years
Computer equipment	5 years
Office equipment	7 years
Transportation equipment	5 years
Festival equipment	5 years
Computer equipment	3 years
Library	10 years

## JEWISH VOICE MINISTRIES INTERNATIONAL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7 – Due from Affiliates

JVMI provides administrative and program services to its affiliates in the United Kingdom and Canada.

At December 31, 2014, balances due from affiliates, are as follows:

Jewish Voice Ministries Canada	\$ 307,942
Jewish Voice Ministries United Kingdom	<u>132,423</u>
	<u>\$ 440,365</u>

A summary of sales activity during the year ended December 31, 2014 is as follows:

Jewish Voice Ministries Canada	
Program services	\$ 274,869
Inventory	53,883
Jewish Voice Ministries United Kingdom	
Program services	154,561
Inventory	<u>34,254</u>
	<u>\$ 517,567</u>

Amounts due from affiliates are normally due within 30 days. No allowance for doubtful accounts is recorded on balances due from affiliates since all balances are collected in accordance with terms.

#### Note 8 – Board Designated Quasi-Endowment

In October 2013, the Board established the Louis and Chira Kaplan Scholarship Fund. The Board proposed that annual interest income earned from the invested funds be used to fund scholarships for the upcoming year. In October 2014, the Board designated an additional \$1 million dollars be added to this fund. The scholarship committee can approve and disburse funds up to the annual endowment.

Changes in the quasi-endowment net assets for the year ended December 31, 2014 are as follows:

Quasi-endowment net assets, beginning of year	\$ 1,000,937
Investment income	15,971
Awarded scholarships	(22,529)
Additional board designated amount	<u>1,000,000</u>
Quasi-endowment net assets, end of year	<u>\$ 1,994,379</u>

**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 9 - Retirement Plan**

JVMI sponsors a 403(b) retirement plan which covers all employees after specified periods of service and eligibility requirements have been met. JVMI withholds voluntary contributions from paychecks and remits the contributions to an independent trustee. Each participant may contribute up to 20 percent of their eligible compensation on a pretax basis to the plan, up to the maximum allowed by the Internal Revenue Code. JVMI matches up to 3% of what an employee contributes up to 3% of their salary. During the years ended December 31, 2014, JVMI's matching contribution expense was \$55,097.

**Note 10 - Prior Period Adjustments**

During the fiscal year ended December 31, 2014, certain financial statement errors were identified. One error resulted in the overstatement of property and equipment, the understatement of accumulated depreciation, and the understatement of depreciation expense recorded on the building improvements as of and for the year ended December 31, 2013. The error resulted from the improper use of building useful lives on building improvements. Secondly, JVMI improperly recorded its investments at cost in the previous year, which resulted in the overstatement of investments and understatement of unrealized losses of \$569,978 as of and for the year ended December 31, 2013. Additionally, JVMI misclassified certain investments as cash and cash equivalents as of December 31, 2013. Finally, JVMI misclassified its board designated quasi-endowment fund as temporarily restricted net assets rather than unrestricted net assets as of December 31, 2013. JVMI restated its financial statements to correct these errors.

## JEWISH VOICE MINISTRIES INTERNATIONAL

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10 – Prior Period Adjustments (continued)

The effects of the prior period adjustments on the financial statements as of and for the year ended December 31, 2013 for JVMI are shown below:

	As Previously Reported December 31, 2013	As Restated December 31, 2013	Effect of Change
<b>Statement of Financial Position:</b>			
Cash and cash equivalents	\$ -	\$ 6,276,338	\$ 6,276,338
Cash, non-interest bearing, unrestricted	2,696,691	-	(2,696,691)
Cash, interest bearing, unrestricted	21,291,488	-	(21,291,488)
Cash, interest bearing, restricted	1,000,937	-	(1,000,937)
Cash, foreign	3,505	-	(3,505)
Gold investments	3,525,283	-	(3,525,283)
Investments	-	20,670,651	20,670,651
Notes and loans receivable, current	384,607	384,607	-
Prepaid expenses, advances, and deposits	396,599	396,599	-
Inventories	1,103,958	1,103,958	-
Total current assets	<u>30,403,068</u>	<u>28,832,153</u>	<u>(1,570,915)</u>
Investments, long-term	-	1,000,937	1,000,937
Notes and loans receivable, long-term	984,604	984,604	-
Property and equipment	10,828,824	10,828,824	-
Accumulated depreciation	<u>(4,202,230)</u>	<u>(4,447,603)</u>	<u>(245,373)</u>
Total assets	<u>\$ 38,014,266</u>	<u>\$ 37,198,915</u>	<u>\$ (815,351)</u>
Unrestricted net assets			
Undesignated	\$ 28,342,386	\$ 27,772,408	\$ (569,978)
Represented by equipment	6,626,594	6,381,221	(245,373)
Board designated	-	1,000,937	1,000,937
Total unrestricted net assets	<u>34,968,980</u>	<u>35,154,566</u>	<u>185,586</u>
Temporarily restricted net assets	<u>2,425,983</u>	<u>1,425,046</u>	<u>(1,000,937)</u>
Total net assets	<u>\$ 37,394,963</u>	<u>\$ 36,579,612</u>	<u>\$ (815,351)</u>
<b>Statement of Activities and Changes in Net Assets:</b>			
Depreciation expense	\$ 797,206	\$ 1,042,579	\$ 245,373
Unrealized loss	\$ -	\$ 569,978	\$ 569,978
Change in net assets	\$ 6,602,877	\$ 5,787,526	\$ (815,351)
Net assets, end of year	\$ 37,394,963	\$ 36,579,612	\$ (815,351)
<b>Statement of Cash Flows:</b>			
Cash and cash equivalents, end of year	\$ 28,517,904	\$ 6,276,338	\$ (22,241,566)
<b>Schedule of Functional Expenditures:</b>			
Program services	\$ 11,853,925	\$ 12,016,822	\$ 162,897
Fundraising	3,825,140	3,825,140	-
General and administrative	1,969,130	2,051,606	82,476
Total expenses	<u>\$ 17,648,195</u>	<u>\$ 17,893,568</u>	<u>\$ 245,373</u>

**JEWISH VOICE MINISTRIES INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 11 - Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. JVMI recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. JVMI's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

On May 1, 2015, JVMI determined that the building studio previously held for sale would continue to be utilized for JVMI operations. Management does not believe there is an impairment to the value of the building.

JVMI has evaluated subsequent events through September 2, 2015, the date which the financial statements were available to be issued.