REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

JEWISH VOICE MINISTRIES INTERNATIONAL

December 31, 2017 and 2016

MOSSADAMS

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MOSSADAMS

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 which comprise the statements of financial position as of December 31, 2017 and 2016, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Voice Ministries International as of December 31, 2017 and 2016, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Scottsdale, Arizona
April 11, 2018

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Jewish Voice Ministries International
Statements of Financial Position

ASSETS

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 13,199,482	$ 11,118,492
Investments	33,642,780	30,977,973
Prepaid expenses, advances, and deposits	2,058,832	1,325,756
Products	1,712,584	1,775,042
Due from affiliates	364,791	272,092
Notes receivable	699,784	1,220,608
Property and equipment, net	7,036,575	7,349,469
Total assets	$ 58,714,828	$ 54,039,432

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable	$ 512,763	$ 1,085,695
Accrued expenses	273,217	233,743
Accrued payroll	351,931	382,123
Deferred revenue	72,073	292,131
Total liabilities	1,209,984	1,993,692
NET ASSETS		
Unrestricted net assets		
Undesignated	45,493,240	37,142,945
Board designated quasi-endowment	-	3,952,396
Investment in property and equipment	7,036,575	7,349,469
Total unrestricted net assets	52,529,815	48,444,810
Temporarily restricted net assets	4,975,029	3,600,930
Total net assets	57,504,844	52,045,740
Total liabilities and net assets	$ 58,714,828	$ 54,039,432

See accompanying notes.

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUES						
General contributions	$ 26,390,139	$ 2,630,705	$ 29,020,844	$ 27,729,341	$ 3,377,992	$ 31,107,333
Group travel	1,390,153	-	1,390,153	400,984	-	400,984
Net assets released from restrictions	1,256,606	(1,256,606)	-	1,811,747	(1,811,747)	-
Total operating revenues	29,036,898	1,374,099	30,410,997	29,942,072	1,566,245	31,508,317
OPERATING EXPENSES						
Program services	21,109,058	-	21,109,058	21,387,945	-	21,387,945
Fundraising	5,447,317	-	5,447,317	5,137,932	-	5,137,932
General and administrative	2,908,566	-	2,908,566	3,018,430	-	3,018,430
Total operating expenses	29,464,941	-	29,464,941	29,544,307	-	29,544,307
Change in net assets from operations	(428,043)	1,374,099	946,056	397,765	1,566,245	1,964,010
OTHER CHANGES IN NET ASSETS						
Investment income	4,499,459	-	4,499,459	1,977,712	-	1,977,712
Loss on sale of equipment	-	-	-	(133,639)	-	(133,639)
Other income	13,589	-	13,589	6,693	-	6,693
Total other changes in net assets	4,513,048	-	4,513,048	1,850,766	-	1,850,766
CHANGE IN NET ASSETS	4,085,005	1,374,099	5,459,104	2,248,531	1,566,245	3,814,776
NET ASSETS, beginning of year	48,444,810	3,600,930	52,045,740	46,196,279	2,034,685	48,230,964
NET ASSETS, end of year	$ 52,529,815	$ 4,975,029	$ 57,504,844	$ 48,444,810	$ 3,600,930	$ 52,045,740

See accompanying notes.

Jewish Voice Ministries International
Statements of Functional Expenses

	Year Ended December 31, 2017			
	Program Services	Fund-raising	General and Administrative	Total
Broadcast time	$ 4,072,954	$ 528,666	$ -	$ 4,601,620
Staff compensation	3,201,126	645,388	1,316,592	5,163,106
Printing, production, and mail	1,784,483	2,034,171	37,369	3,856,023
Global outreach	1,566,748	-	-	1,566,748
Outside ministry support	2,642,776	-	-	2,642,776
Postage	978,150	1,241,098	113,259	2,332,507
Product cost	954,204	205,421	-	1,159,625
Outsourced services	1,539,954	-	2,277	1,542,231
Depreciation	300,814	-	302,722	603,536
Professional services	199,862	118,311	168,353	486,526
Promotional costs	470,880	-	-	470,880
Staff travel	355,169	20,056	19,355	394,580
Merchant and bank charges	-	-	362,927	362,927
Broadcast production	209,609	-	-	209,609
Telemarketing	-	298,128	-	298,128
Educational events	784,701	-	-	784,701
Website	124,989	-	-	124,989
Equipment rental	10,884	-	4,053	14,937
Office expenses	111,498	14,673	114,428	240,599
Congregation development and leadership	509,577	-	-	509,577
Facility costs	14,874	-	218,550	233,424
Web campaigns	356,702	236,482	-	593,184
Scholarships	99,047	-	-	99,047
Health and dental insurance	418,814	84,438	172,254	675,506
Payroll taxes	222,827	44,925	91,646	359,398
Employee benefits	65,166	13,138	26,802	105,106
Supplies	125,585	1,260	38,227	165,072
Other costs	207,106	5,050	205,026	417,182
JVMI affiliates and other expense reimbursements	(219,441)	(43,888)	(285,274)	(548,603)
	$ 21,109,058	$ 5,447,317	$ 2,908,566	$ 29,464,941

See accompanying notes.

	Year Ended December 31, 2016			
	Program Services	Fund-raising	General and Administrative	Total
Broadcast time	$ 6,557,604	$ 634,504	$ -	$ 7,192,108
Staff compensation	3,080,002	650,123	1,271,355	5,001,480
Printing, production, and mail	1,105,810	1,886,053	36,861	3,028,724
Global outreach	1,932,264	-	-	1,932,264
Outside ministry support	1,894,775	-	-	1,894,775
Postage	619,310	976,971	169,100	1,765,381
Product cost	1,204,807	301,202	-	1,506,009
Outsourced services	1,457,702	-	19,421	1,477,123
Depreciation	258,639	-	341,455	600,094
Professional services	106,941	139,896	201,221	448,058
Promotional costs	368,410	-	-	368,410
Staff travel	318,838	25,546	8,890	353,274
Merchant and bank charges	-	-	348,448	348,448
Media production	345,055	-	-	345,055
Telemarketing	-	329,272	-	329,272
Educational events	323,024	-	-	323,024
Website	297,950	-	-	297,950
Equipment rental	209,170	-	4,152	213,322
Office expenses	64,787	2,979	152,757	220,523
Congregation development and leadership	202,994	-	-	202,994
Facility costs	1,232	-	179,671	180,903
Web campaigns	93,878	62,585	-	156,463
Scholarships (board designated)	68,117	-	-	68,117
Publications	24,500	-	-	24,500
Health and dental insurance	355,524	75,044	146,752	577,320
Payroll taxes	228,862	48,308	94,469	371,639
Employee benefits	103,737	21,897	42,820	168,454
Supplies	100,468	2,362	31,618	134,448
Other costs	242,051	1,947	185,308	429,306
JVMI affiliates and other expense reimbursements	(178,506)	(20,757)	(215,868)	(415,131)
	$ 21,387,945	$ 5,137,932	$ 3,018,430	$ 29,544,307

Jewish Voice Ministries International
Statements of Cash Flows

	Years Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,459,104	$ 3,814,776
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	603,536	600,094
Unrealized and realized gains on investments	(3,472,223)	(1,473,403)
Loss on sale of property and equipment	-	133,639
Changes in assets and liabilities		
Prepaid expense, advances, and deposits	(733,076)	(313,608)
Products	62,458	(96,012)
Due from affiliates	(92,699)	288,124
Accounts payable, accrued expenses, and accrued payroll	(563,650)	801,923
Deferred revenue	(220,058)	246,238
Net cash provided by operating activities	1,043,392	4,001,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(290,643)	(2,074,337)
Collections on notes receivable	520,824	36,942
Funding of note receivable	-	(300,000)
Purchases of investments	(23,298,731)	(14,903,043)
Proceeds from sale and maturity of investments	24,106,148	15,060,874
Net cash provided by (used in) investing activities	1,037,598	(2,179,564)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,080,990	1,822,207
CASH AND CASH EQUIVALENTS, beginning of year	11,118,492	9,296,285
CASH AND CASH EQUIVALENTS, end of year	$ 13,199,482	$ 11,118,492

See accompanying notes.

Note 1 – Nature of Organization

Jewish Voice Ministries International ("JVMI") is a not-for-profit tax-exempt organization dedicated to transforming lives and seeing all Israel saved. To achieve this mission, JVMI engages in activities to proclaim the Gospel, grow the Messianic Community, and engage the Church concerning Israel and the Jewish People. These activities include events of education, evangelism and leadership training focused on raising leaders in the Messianic Jewish Community.

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 and event participation 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 as required. JVMI had no uncertain tax positions for the years ended December 31, 2017 or 2016.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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. Certain accounts at institutions in the United States of America are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2017 and 2016, balances in excess of FDIC limits were approximately $10,562,000 and $6,070,000, respectively. JVMI also maintained deposits of approximately $554,000 and $3,040,000, at December 31, 2017 and 2016, respectively, in foreign financial institutions not federally insured.

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 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.

Investments – Available funds are invested in common stock, government and corporate bonds, private equity funds, and commodities. JVMI's investments are governed by an investment policy with guidelines for allowable investment securities, asset allocation, and maturities. Net investment gain (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management, and custodial fees.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stock: Common stock is valued at the closing price reported for identical assets on the active market on which the individual securities are traded.

Government and corporate bonds: Government and corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Note 2 – Summary of Significant Accounting Policies (continued)

Private equity funds: Private equity funds are valued using the net asset value practical expedient (NAV practical expedient) of the Fund as reported by the account managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding.

Certificates of deposit: Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Gold: Gold is valued at the closing commodity price of gold reported by NASDAQ.

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 is received.

Products – Products consists of Judaica gift items, books, CDs, and DVDs and all other related items utilized in the media and print operations of JVMI. Products are valued at cost.

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.

Maintenance and repairs are charged to operations when incurred. JVMI capitalizes all property and equipment, betterments, and renewals over $1,000 and with 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 other changes in net assets.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 restricted net assets, 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 stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted net assets – Unrestricted net assets represent amounts 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 property and equipment.

Temporarily restricted net assets – Temporarily restricted net assets represent amounts 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. As of December 31, 2017 and 2016, all temporary restricted net assets were restricted for the purpose of expenditure on program services.

Permanently restricted net assets – Permanently restricted net assets represent amounts which are stipulated by donors to be invested in perpetuity. As of December 31, 2017 and 2016, there were no permanently restricted net assets.

Revenue recognition – Unrestricted contributions are recognized when cash or ownership of donated assets are unconditionally promised to JVMI.

Temporarily restricted contributions are recognized as general contributions in the statements of activities when cash or ownership of donated assets is received by 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 cash or asset is received.

Group travel revenue is recorded when the trips are made. Deferred revenue consists of group travel funds received for trips that have not occurred as of year-end.

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 statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") *2014-09, Revenue from Contracts with Customers (Topic 606)*. This ASU will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance was scheduled to be effective at the beginning of 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. However, on July 9, 2015, the FASB approved a proposal to defer the effective date of the new revenue standard by one year, but will permit entities to adopt one year earlier if they choose (i.e., the original effective date). The deferral results in the new revenue standard being effective at the beginning of 2019. JVMI will continue to evaluate the impact, if any, of adopting this new accounting standard on its financial statements.

The FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. This ASU revises the current net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. This ASU is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. Management is evaluating the effect of adopting this new accounting standard on its financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

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.

JVMI has evaluated subsequent events through April 11, 2018, the date which the financial statements were available to be issued.

Note 3 – Investments and 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.

Note 3 – Investments and 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, 2017 and 2016:

	Fair Value Measurement at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Domestic common stock	$ 18,700,979	$ -	$ -	$ 18,700,979
Domestic corporate bonds	-	8,654,722	-	8,654,722
Foreign corporate bonds	-	2,891,423	-	2,891,423
Gold	3,036,443	-	-	3,036,443
Total assets in the fair value hierarchy	$ 21,737,422	$ 11,546,145	$ -	33,283,567
Investments measured at NAV (practical expedient)				359,213
Investments at fair value				$ 33,642,780

	Fair Value Measurement at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Domestic common stock	$ 15,907,920	$ -	$ -	$ 15,907,920
U.S. government bonds	-	2,969,436	-	2,969,436
Domestic corporate bonds	-	8,785,666	-	8,785,666
Certificates of deposit	-	254,933	-	254,933
Gold	2,705,430	-	-	2,705,430
Total assets in the fair value hierarchy	$ 18,613,350	$ 12,010,035	$ -	30,623,385
Investments measured at NAV (practical expedient)				354,588
Investments at fair value				$ 30,977,973

The following table represents the liquidity and redemption restrictions on the above investments that do not have a readily determinable fair value and utilize net asset value per share to determine fair value as of December 31, 2017:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Capstone Church Capital Fund	$ 359,213	$ -	Annually	21 Days

Note 3 – Investments and Fair Value of Assets (continued)

The Capstone Church Capital Fund's investment strategy is to provide a high level of current income. Its investments are primarily in church mortgage bonds and church mortgage loans.

Note 4 – Investment Income

Investment income consisted of the following for the years ended December 31:

	2017	2016
Interest and dividend income	$ 1,186,347	$ 755,106
Net realized gain on sale of investments	1,684,058	907,545
Net unrealized gain on investments	1,788,165	565,858
Investment fees	(159,111)	(250,797)
Total investment income	$ 4,499,459	$ 1,977,712

Note 5 – Notes Receivable

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

	2017	2016
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.	$ 699,784	$ 734,529
Westminster 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 of $176,623 due on September 20, 2019. Paid in full December 2017.	-	186,079
Congregation Beth Yeshua, Inc.; non-interest bearing note; due in full no later than June 1, 2018. Paid in full July 2017.	-	300,000
Total notes receivable	$ 699,784	$ 1,220,608

Notes receivable are evaluated for collectability. No provision for loss was considered necessary by management at December 31, 2017 and 2016, as borrowers are paying in accordance with terms.

Note 5 – Notes Receivable (continued)

The note receivable from the Executive Director was initiated and approved by the board in lieu of parsonage. The interest rate was above market at the time of the promissory note execution. It is considered a related-party transaction. The note receivable from Westminster Fellowship, Inc. was seller financing and relates to the sale of land previously held by JVMI. This note was paid in full on December 28, 2017. The note receivable from Congregation Beth Yeshua was to assist with the purchase of a building for their congregation and is consistent with the mission of JVMI. This note was paid in full on July 20, 2017.

Note 6 – Property and Equipment

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

	2017	2016
Real property and improvements	$ 6,075,626	$ 6,041,488
Television and studio equipment	2,200,373	2,189,010
Furniture/fixtures	506,912	470,714
Land	360,000	360,000
Equipment	1,153,982	975,163
Computer software	38,050	7,926
Library	16,782	16,782
Total cost and donated value	10,351,725	10,061,083
Less accumulated depreciation	3,315,150	2,711,614
Property and equipment, net	$ 7,036,575	$ 7,349,469

Depreciation expense on the above assets for the years ended December 31, 2017 and 2016, was $603,536 and $600,094, respectively.

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

Real property and improvements	39 - 12 years
Television and studio equipment	7 years
Furniture/fixtures	7 years
Equipment	7 - 5 years
Computer software	3 years
Library	10 years

Note 7 – Due from Affiliates

A member of the JVMI board of directors serves on the board of Jewish Voice Ministries Canada and Jewish Voice Ministries UK. JVMI provides administrative and program services to these affiliates.

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

	2017	2016
Jewish Voice Ministries Canada	$ 186,921	$ 52,546
Jewish Voice Ministries UK	177,870	219,546
Total due from affiliates	$ 364,791	$ 272,092

A summary of sales activity during the years ended December 31 is as follows:

	2017	2016
Jewish Voice Ministries Canada		
Program services	$ 371,988	$ 271,975
Products	114,616	75,484
Jewish Voice Ministries UK		
Program services	176,615	143,156
Products	47,911	33,793
	$ 711,130	$ 524,408

Amounts due from affiliates are normally due within 30 days and are non-interest bearing. 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 JVMI Board established the Louis and Chira Kaplan Scholarship Fund. In December 2015 and October 2014, the Board designated an additional $2 million and $1 million, respectively, to be added to this fund. The scholarship committee could approve and disburse funds up to the annual expected interest earned from the invested funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, were classified and reported based on the existence or absence of donor-imposed restrictions.

Note 8 – Board Designated Quasi-Endowment (continued)

The Board of JVMI interpreted the Arizona Prudent Management of Institutional Funds Act (APMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, all of the funds in the quasi-endowment are Board-designated and therefore were unrestricted.

The Board of Directors undesignated the balance of this fund during the year ended December 31, 2017 for use in operations.

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

	2017	2016
Quasi-endowment net assets, beginning of year	$ 3,952,396	$ 3,923,642
Investment income (loss)	-	96,871
Awarded scholarships	-	(68,117)
Release of board-designated funds	(3,952,396)	-
Quasi-endowment net assets, end of year	$ -	$ 3,952,396

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 100% of employee contributions, up to 3% of their salary. During the years ended December 31, 2017 and 2016, JVMI's matching contribution expense was $72,638 and $78,778, respectively.