REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

JEWISH VOICE MINISTRIES INTERNATIONAL

December 31, 2018 and 2017

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5–6
Statements of cash flows	7
Notes to financial statements	8–20

MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Jewish Voice Ministries International

Report on the 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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, 2018 and 2017, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of January 1, 2018, Jewish Voice Ministries International adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Accounting Standards Update has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Moss Adams LLP

Scottsdale, Arizona
April 22, 2019

ASSETS

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 9,204,518	$ 13,199,482
Investments	36,671,205	33,642,780
Prepaid expenses, advances, and deposits	1,220,181	2,058,832
Products	1,486,851	1,712,584
Due from affiliates	275,901	364,791
Note receivable	663,986	699,784
Property and equipment, net	6,478,994	7,036,575
Total assets	$ 56,001,636	$ 58,714,828

LIABILITIES AND NET ASSETS

	December 31, 2018	December 31, 2017
LIABILITIES		
Accounts payable	$ 654,426	$ 512,763
Accrued expenses	81,400	273,217
Accrued payroll	443,778	351,931
Deferred revenue	130,904	72,073
Total liabilities	1,310,508	1,209,984
NET ASSETS		
Without donor restrictions	50,970,720	52,529,815
With donor restrictions	3,720,408	4,975,029
Total net assets	54,691,128	57,504,844
Total liabilities and net assets	$ 56,001,636	$ 58,714,828

Jewish Voice Ministries International
Statements of Activities

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
General contributions	$ 28,696,516	$ 1,987,132	$ 30,683,648	$ 26,390,139	$ 2,630,705	$ 29,020,844
Group travel	959,803	-	959,803	1,390,153	-	1,390,153
Net assets released from restrictions	3,241,753	(3,241,753)	-	1,256,606	(1,256,606)	-
Total operating revenues	32,898,072	(1,254,621)	31,643,451	29,036,898	1,374,099	30,410,997
OPERATING EXPENSES						
Program services	23,732,397	-	23,732,397	21,109,058	-	21,109,058
Fundraising	5,917,839	-	5,917,839	5,447,317	-	5,447,317
General and administrative	3,373,205	-	3,373,205	2,908,566	-	2,908,566
Total operating expenses	33,023,441	-	33,023,441	29,464,941	-	29,464,941
Change in net assets from operations	(125,369)	(1,254,621)	(1,379,990)	(428,043)	1,374,099	946,056
OTHER CHANGES IN NET ASSETS						
Investment income (loss)	(1,460,173)	-	(1,460,173)	4,499,459	-	4,499,459
Other income	26,447	-	26,447	13,589	-	13,589
Total other changes in net assets	(1,433,726)	-	(1,433,726)	4,513,048	-	4,513,048
CHANGE IN NET ASSETS	(1,559,095)	(1,254,621)	(2,813,716)	4,085,005	1,374,099	5,459,104
NET ASSETS, beginning of year	52,529,815	4,975,029	57,504,844	48,444,810	3,600,930	52,045,740
NET ASSETS, end of year	$ 50,970,720	$ 3,720,408	$ 54,691,128	$ 52,529,815	$ 4,975,029	$ 57,504,844

See accompanying notes.

	Year Ended December 31, 2018			
	Program Services	Fund-raising	General and Administrative	Total
Broadcast time	$ 4,413,028	$ 677,049	$ -	$ 5,090,077
Staff compensation	3,297,959	558,898	1,371,841	5,228,698
Printing, production, and mail	1,903,237	2,282,720	31,527	4,217,484
Global outreach	1,715,943	-	-	1,715,943
Outside ministry support	3,732,760	-	-	3,732,760
Postage	913,248	1,037,466	194,877	2,145,591
Product cost	1,491,310	323,502	-	1,814,812
Outsourced services	1,811,984	75,237	341,192	2,228,413
Depreciation	302,604	-	310,862	613,466
Professional services	330,085	162,980	150,864	643,929
Promotional costs	407,603	-	-	407,603
Staff travel	340,722	22,417	1,448	364,587
Merchant and bank charges	-	-	417,016	417,016
Broadcast production	142,041	-	-	142,041
Telemarketing	-	251,978	-	251,978
Educational events	505,276	-	-	505,276
Website	81,922	-	-	81,922
Equipment rental	14,115	-	4,053	18,168
Office expenses	117,882	12,726	127,113	257,721
Congregation development and leadership	535,330	-	-	535,330
Facility costs	43,467	-	167,355	210,822
Web campaigns	560,750	373,833	-	934,583
Scholarships	118,350	-	-	118,350
Health and dental insurance	357,893	62,437	153,254	573,584
Payroll taxes	219,522	38,948	95,599	354,069
Employee benefits	134,347	22,712	55,995	213,054
Supplies	128,386	1,027	38,478	167,891
Other costs	316,975	39,451	192,549	548,975
JVMI affiliates and other expense reimbursements	(204,342)	(25,542)	(280,818)	(510,702)
	$ 23,732,397	$ 5,917,839	$ 3,373,205	$ 33,023,441

Jewish Voice Ministries International
Statements of Functional Expenses (Continued)

	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.

	Years Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,813,716)	$ 5,459,104
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	613,466	603,536
Unrealized and realized loss (gain) on investments	2,050,025	(3,472,223)
Changes in assets and liabilities		
Prepaid expense, advances, and deposits	838,651	(733,076)
Products	225,733	62,458
Due from affiliates	88,890	(92,699)
Accounts payable, accrued expenses, and accrued payroll	41,693	(563,650)
Deferred revenue	58,831	(220,058)
Net cash provided by operating activities	1,103,573	1,043,392
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(55,885)	(290,643)
Collections on notes receivable	35,798	520,824
Purchases of investments	(15,700,906)	(23,298,731)
Proceeds from sale and maturity of investments	10,622,456	24,106,148
Net cash (used in) provided by investing activities	(5,098,537)	1,037,598
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,994,964)	2,080,990
CASH AND CASH EQUIVALENTS, beginning of year	13,199,482	11,118,492
CASH AND CASH EQUIVALENTS, end of year	$ 9,204,518	$ 13,199,482

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, 2018 or 2017.

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.

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, 2018 and 2017, balances in excess of FDIC limits were approximately $6,456,000 and $10,562,000, respectively. JVMI also maintained deposits of approximately $170,000 and $554,000, at December 31, 2018 and 2017, 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 and foreign mutual funds: Common stock and foreign mutual funds are 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 measured 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.

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.

Note receivable – The note receivable is evaluated for collectability based on credit history of the borrowers and their current financial condition.

Property, equipment, and depreciation – Purchased property and equipment are recorded at cost. Donated items are recorded at their estimated fair value at the date of donation. Donations of property and equipment are reported as support without donor restrictions. 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 statements of financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of JVMI's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of JVMI or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue recognition – Contributions without donor restrictions are recognized when cash or ownership of donated assets are unconditionally promised to JVMI.

Donor 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 reclassified from net assets with donor restrictions to net assets without donor restrictions 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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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. The expenses that are allocated include the following:

Expense	Method of Allocation
Broadcast time	Physical units
Staff compensation	Time and effort
Printing, production, and mail	Relative direct cost
Global outreach	Direct costs
Outside ministry support	Direct costs
Postage	Direct costs for General and Administrative, Relative direct costs for program services and fundraising
Product cost	Relative direct cost
Outsourced services	Direct costs
Depreciation	Direct costs
Professional services	Direct costs
Promotional costs	Direct costs
Staff travel	Direct costs
Merchant and bank charges	Direct costs
Broadcast production	Direct costs
Telemarketing	Direct costs
Educational events	Direct costs
Website	Direct costs
Equipment rental	Direct costs
Office expenses	Direct costs
Congregation development and leadership	Direct costs
Facility costs	Direct costs
Web campaigns	Relative direct cost
Scholarships	Direct costs
Health and dental insurance	Salaries and wages
Payroll taxes	Salaries and wages
Employee benefits	Salaries and wages
Supplies	Direct costs
Other costs	Direct costs
JVMI affiliates and other expense reimbursements	Relative direct cost

Note 2 – Summary of Significant Accounting Policies (continued)

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. JVMI has adopted this standard as of January 1, 2018, and adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 22, 2019, the date which the financial statements were available to be issued.

Note 3 – Availability and Liquidity

The following represents JVMI's financial assets at December 31:

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	$ 9,204,518	$ 13,199,482
Investments	36,671,205	33,642,780
Total financial assets	45,875,723	46,842,262
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,720,408	4,975,029
Less net assets with purpose restrictions to be met in less than a year	(1,532,537)	(2,721,906)
Quasi endowment established by the board	100,000	-
Total amounts not available to be used within one year	2,287,871	2,253,123
Financial assets available to meet general expenditures over the next twelve months	$ 43,587,852	$ 44,589,139

JVMI's goal is generally to maintain financial assets to meet one year of operating expenses (approximately $33 million). As part of its liquidity plan, JVMI must maintain a certain minimum level of liquidity that is sufficient to fund the programmatic activities of JVMI as well as to fund the ongoing expenses of JVMI.

Note 4 – 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.

Note 4 – Investments and Fair Value of Assets (continued)

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.

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, 2018 and 2017:

	Fair Value Measurement at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Domestic common stock	$ 19,560,075	$ -	$ -	$ 19,560,075
Foreign common stock	290,577	-	-	290,577
Foreign mutual funds	-	48,049	-	48,049
Domestic corporate bonds	-	10,806,644	-	10,806,644
Foreign corporate bonds	-	2,586,469	-	2,586,469
Gold	3,036,443	-	-	3,036,443
Total assets in the fair value hierarchy	$ 22,887,095	$ 13,441,162	$ -	36,328,257
Investments measured at NAV (practical expedient)				342,948
Investments at fair value				$ 36,671,205

Note 4 – Investments and Fair Value of Assets (continued)

	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

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, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Capstone Church Capital Fund	$ 342,948	$ -	Annually	21 Days

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 5 – Investment Income

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

	2018	2017
Interest and dividend income	$ 911,972	$ 1,186,347
Net realized gain on sale of investments	433,690	1,684,058
Net unrealized gain (loss) on investments	(2,483,715)	1,788,165
Investment fees	(322,120)	(159,111)
Total investment income (loss)	$ (1,460,173)	$ 4,499,459

Note 6 – Note Receivable

The following is a summary of the note receivable at December 31:

	2018	2017
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.	$ 663,986	$ 699,784
Total note receivable	$ 663,986	$ 699,784

The note receivable is evaluated for collectability. No provision for loss was considered necessary by management at December 31, 2018 and 2017, as borrowers are paying in accordance with terms.

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.

Note 7 – Property and Equipment

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

	2018	2017
Real property and improvements	$ 6,100,485	$ 6,075,626
Television and studio equipment	2,200,373	2,200,373
Furniture/fixtures	510,156	506,912
Land	360,000	360,000
Equipment	1,175,602	1,153,982
Computer software	44,212	38,050
Library	16,782	16,782
Total cost and donated value	10,407,610	10,351,725
Less accumulated depreciation	3,928,616	3,315,150
Property and equipment, net	$ 6,478,994	$ 7,036,575

Depreciation expense on the above assets for the years ended December 31, 2018 and 2017, was $613,466 and $603,536, respectively.

Note 7 – Property and Equipment (continued)

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 8 – 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:

	2018	2017
Jewish Voice Ministries Canada	$ 180,097	$ 186,921
Jewish Voice Ministries UK	95,804	177,870
Total due from affiliates	$ 275,901	$ 364,791

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

	2018	2017
Jewish Voice Ministries Canada		
Program services	$ 372,361	$ 371,988
Products	62,619	114,616
Jewish Voice Ministries UK		
Program services	138,341	176,615
Products	22,669	47,911
	$ 595,990	$ 711,130

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 9 – Net Assets

Net assets with donor restrictions were as follows for the years ended December 31:

	2018	2017
Specific Purpose		
Life straws	$ 1,686,926	$ 1,665,432
Israel holocaust survivors	1,227,599	1,669,467
Outreach events	374,234	783,496
Bible distribution	153,004	145,975
Israel Support/Relief Fund	143,160	536,291
Aliyah assistance	39,642	54,695
Other designated	95,843	119,673
Total	$ 3,720,408	$ 4,975,029

Net assets without donor restrictions were as follows for the years ended December 31:

Undesignated	$ 50,870,720	$ 52,529,815
Quasi endowment	100,000	-
Total	50,970,720	52,529,815

Net assets released from net assets with donor restrictions are as follows for the years ended December 31:

	2018	2017
Specific Purpose		
Life straws	$ 314,277	$ 236,724
Israel holocaust survivors	1,077,692	130,785
Outreach events	1,211,271	659,924
Bible distribution	11,890	-
Israel Support/Relief Fund	508,500	-
Aliyah assistance	18,000	30,000
Other designated	100,123	199,173
Total	$ 3,241,753	$ 1,256,606

Note 10 – 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. The Board of Directors undesignated the balance of this fund during the year ended December 31, 2017, for use in operations.

In April 2018, the JVMI Board established the Retiring Rabbis Fund. The JVMI Board agreed to designate $100,000 a year for five years starting in 2018 for future use as a benevolence for retiring Rabbis. The fund and its earnings will be maintained and not utilized for five years. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of JVMI has interpreted the Arizona Management of Charitable Funds Act 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 are without donor restrictions.

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

	Without Donor Restrictions	
	2018	2017
Quasi-endowment net assets, beginning of year	$ -	$ 3,952,396
Additional board-designated amount	100,000	-
Release of board-designated funds	-	(3,952,396)
Quasi-endowment net assets, end of year	$ 100,000	$ -

Note 11 – 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, 2018 and 2017, JVMI's matching contribution expense was $84,642 and $72,638, respectively.