



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

JEWISH VOICE MINISTRIES INTERNATIONAL

December 31, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2019 and 2018, 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.

Moss Adams LLP

Phoenix, Arizona
April 30, 2020

Jewish Voice Ministries International
Statements of Financial Position

	December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 9,992,913	\$ 9,204,518
Investments	46,096,994	36,671,205
Prepaid expenses, advances, and deposits	1,458,745	1,220,181
Products	1,414,921	1,486,851
Due from affiliates	1,690	275,901
Note receivable	623,603	663,986
Property and equipment, net	5,900,036	6,478,994
Total assets	\$ 65,488,902	\$ 56,001,636
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 917,206	\$ 654,426
Due to affiliates	17,995	-
Accrued expenses	252,277	81,400
Accrued payroll	439,891	443,778
Deferred revenue	51,239	130,904
Total liabilities	1,678,608	1,310,508
NET ASSETS		
Without donor restrictions	59,582,838	50,970,720
With donor restrictions	4,227,456	3,720,408
Total net assets	63,810,294	54,691,128
Total liabilities and net assets	\$ 65,488,902	\$ 56,001,636

Jewish Voice Ministries International

Statements of Activities

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
General contributions	\$ 27,431,994	\$ 2,687,605	\$ 30,119,599	\$ 28,696,516	\$ 1,987,132	\$ 30,683,648
Group travel	1,052,039	-	1,052,039	959,803	-	959,803
Net assets released from restrictions	2,180,557	(2,180,557)	-	3,241,753	(3,241,753)	-
Total operating revenues	30,664,590	507,048	31,171,638	32,898,072	(1,254,621)	31,643,451
OPERATING EXPENSES						
Program services	19,954,152	-	19,954,152	23,732,397	-	23,732,397
Fundraising	6,944,007	-	6,944,007	5,917,839	-	5,917,839
General and administrative	3,079,346	-	3,079,346	3,373,205	-	3,373,205
Total operating expenses	29,977,505	-	29,977,505	33,023,441	-	33,023,441
Change in net assets from operations	687,085	507,048	1,194,133	(125,369)	(1,254,621)	(1,379,990)
OTHER CHANGES IN NET ASSETS						
Investment income (loss)	7,896,069	-	7,896,069	(1,460,173)	-	(1,460,173)
Other income	28,964	-	28,964	26,447	-	26,447
Total other changes in net assets	7,925,033	-	7,925,033	(1,433,726)	-	(1,433,726)
CHANGE IN NET ASSETS	8,612,118	507,048	9,119,166	(1,559,095)	(1,254,621)	(2,813,716)
NET ASSETS, beginning of year	50,970,720	3,720,408	54,691,128	52,529,815	4,975,029	57,504,844
NET ASSETS, end of year	\$ 59,582,838	\$ 4,227,456	\$ 63,810,294	\$ 50,970,720	\$ 3,720,408	\$ 54,691,128

Jewish Voice Ministries International Statements of Functional Expenses

	Year Ended December 31, 2019			
	Program Services	Fundraising	General and Administrative	Total
Broadcast time	\$ 3,733,303	\$ 509,087	\$ -	\$ 4,242,390
Staff compensation	3,053,054	582,881	1,360,053	4,995,988
Printing, production, and mail	1,943,326	2,132,680	71,944	4,147,950
Global outreach	1,841,337	-	-	1,841,337
Outside ministry support	2,896,893	-	-	2,896,893
Postage	547,998	1,356,727	198,410	2,103,135
Product cost	950,948	203,702	-	1,154,650
Outsourced services	687,878	1,195,279	51,229	1,934,386
Depreciation	299,512	-	299,512	599,024
Professional services	413,707	145,326	114,889	673,922
Promotional costs	28,977	934	-	29,911
Staff travel	375,324	20,079	3,552	398,955
Merchant and bank charges	-	-	389,221	389,221
Broadcast production	103,586	-	-	103,586
Telemarketing	-	275,050	-	275,050
Educational events	581,102	-	-	581,102
Website	77,866	-	-	77,866
Equipment rental	18,218	-	7,073	25,291
Office expenses	95,600	-	159,810	255,410
Congregation development and leadership	612,241	-	-	612,241
Facility costs	1,925	-	162,879	164,804
Web campaigns	612,982	408,654	-	1,021,636
Scholarships	105,440	-	-	105,440
Health and dental insurance	309,331	61,866	144,354	515,551
Payroll taxes	208,886	41,777	97,480	348,143
Employee benefits	128,739	25,748	60,078	214,565
Supplies	99,828	489	24,332	124,649
Other costs	356,327	-	113,521	469,848
JVMI affiliates and other expense reimbursements	(130,176)	(16,272)	(178,991)	(325,439)
	\$ 19,954,152	\$ 6,944,007	\$ 3,079,346	\$ 29,977,505

Jewish Voice Ministries International

Statements of Functional Expenses (Continued)

	Year Ended December 31, 2018			Total
	Program Services	Fundraising	General and Administrative	
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	<u>(204,342)</u>	<u>(25,542)</u>	<u>(280,818)</u>	<u>(510,702)</u>
	<u>\$ 23,732,397</u>	<u>\$ 5,917,839</u>	<u>\$ 3,373,205</u>	<u>\$ 33,023,441</u>

Jewish Voice Ministries International

Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,119,166	\$ (2,813,716)
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	599,024	613,466
Unrealized and realized loss (gain) on investments	(6,804,244)	2,050,025
Changes in assets and liabilities		
Prepaid expense, advances, and deposits	(238,564)	838,651
Products	71,930	225,733
Due to/from affiliates	292,206	88,890
Accounts payable, accrued expenses, and accrued payroll	429,770	41,693
Deferred revenue	(79,665)	58,831
Net cash provided by operating activities	3,389,623	1,103,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,066)	(55,885)
Collections on notes receivable	40,383	35,798
Purchases of investments	(9,108,355)	(15,700,906)
Proceeds from sale and maturity of investments	6,486,810	10,622,456
Net cash used in investing activities	(2,601,228)	(5,098,537)
NET CHANGE IN CASH AND CASH EQUIVALENTS	788,395	(3,994,964)
CASH AND CASH EQUIVALENTS, beginning of year	9,204,518	13,199,482
CASH AND CASH EQUIVALENTS, end of year	\$ 9,992,913	\$ 9,204,518

Jewish Voice Ministries International

Notes to Financial Statements

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, 2019 or 2018.

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.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Jewish Voice Ministries International

Notes to Financial Statements

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 twelve 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, 2019 and 2018, balances in excess of FDIC limits were approximately \$7,318,000 and \$6,456,000, respectively. JVMI also maintained deposits of approximately \$888,000 and \$170,000, at December 31, 2019 and 2018, 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.

Jewish Voice Ministries International

Notes to Financial Statements

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 practical 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 contribution income 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.

Jewish Voice Ministries International

Notes to Financial Statements

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.

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.

Jewish Voice Ministries International

Notes to 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

Jewish Voice Ministries International

Notes to Financial Statements

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 2019 and could be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. JVMI adopted this standard adopted this ASU effective January 1, 2019 using the modified retrospective approach. Accordingly, prior periods have not been adjusted to conform to the new guidance. JVMI did not have any revenue from contracts with customers during the year ended December 31, 2019 and, accordingly, there was no impact on the financial statements.

As of January 1, 2019, JVMI also adopted the provisions of FASB ASU 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The provisions of the ASU clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The adoption of this guidance did not have a significant impact on the financial statements.

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 30, 2020, the date which the financial statements were available to be issued. See Note 12.

Jewish Voice Ministries International

Notes to Financial Statements

Note 3 – Availability and Liquidity

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

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 9,992,913	\$ 9,204,518
Investments	<u>46,096,994</u>	<u>36,671,205</u>
Total financial assets	56,089,907	45,875,723
Less amounts not available to be used within one year:		
Net assets with donor restrictions	4,227,456	3,720,408
Less net assets with purpose restrictions to be met in less than a year	(1,587,026)	(1,532,537)
Quasi endowment established by the Board	<u>204,000</u>	<u>100,000</u>
Total amounts not available to be used within one year	<u>2,844,430</u>	<u>2,287,871</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 53,245,477</u></u>	<u><u>\$ 43,587,852</u></u>

JVMI's goal is generally to maintain financial assets to meet one year of operating expenses (approximately \$30 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.

Jewish Voice Ministries International

Notes to Financial Statements

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, 2019 and 2018:

	Fair Value Measurement at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Domestic common stock	\$ 22,225,030	\$ -	\$ -	\$ 22,225,030
Foreign common stock	5,714,701	-	-	5,714,701
Foreign mutual funds	155,108	-	-	155,108
Domestic corporate bonds	-	11,948,822	-	11,948,822
Foreign corporate bonds	-	2,331,483	-	2,331,483
Gold	3,559,769	-	-	3,559,769
Total assets in the fair value hierarchy	\$ 31,654,608	\$ 14,280,305	\$ -	45,934,913
Investments measured at NAV (practical expedient)				162,081
Investments at fair value				\$ 46,096,994

Jewish Voice Ministries International

Notes to Financial Statements

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

	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
	<u>\$ 22,935,144</u>	<u>\$ 13,393,113</u>	<u>\$ -</u>	<u>36,328,257</u>
Total assets in the fair value hierarchy				
Investments measured at NAV (practical expedient)				<u>342,948</u>
Investments at fair value				<u>\$ 36,671,205</u>

The above investments measured at NAV (practical expedient) consist of investments in the Capstone Church Capital Fund. During the year ended December 31, 2019, the Fund entered into liquidation. As of December 31, 2019, there are no unfunded commitments and redemption is subject to restrictions of the liquidation trust.

Note 5 – Investment Income

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

	2019	2018
Interest and dividend income	\$ 1,490,504	\$ 911,972
Net realized gain on sale of investments	531,266	433,690
Net unrealized gain (loss) on investments	6,272,978	(2,483,715)
Investment fees	(398,679)	(322,120)
	<u>\$ 7,896,069</u>	<u>\$ (1,460,173)</u>
Total investment income (loss)		

Jewish Voice Ministries International

Notes to Financial Statements

Note 6 – Note Receivable

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

	2019	2018
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.	\$ 623,603	\$ 663,986
Total note receivable	\$ 623,603	\$ 663,986

The note receivable is evaluated for collectability. No provision for loss was considered necessary by management at December 31, 2019 and 2018, 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:

	2019	2018
Real property and improvements	\$ 6,100,485	\$ 6,100,485
Television and studio equipment	2,200,373	2,200,373
Furniture/fixtures	510,156	510,156
Land	360,000	360,000
Equipment	1,195,668	1,175,602
Computer software	44,212	44,212
Library	16,782	16,782
Total cost and donated value	10,427,676	10,407,610
Less accumulated depreciation	4,527,640	3,928,616
Property and equipment, net	\$ 5,900,036	\$ 6,478,994

Depreciation expense on the above assets for the years ended December 31, 2019 and 2018, was \$599,024 and \$613,466, respectively.

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Notes to Financial Statements

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 (to) affiliates are as follows:

	<u>2019</u>	<u>2018</u>
Jewish Voice Ministries Canada	\$ 1,690	\$ 180,097
Jewish Voice Ministries UK	<u>(17,995)</u>	<u>95,804</u>
Total due from (to) affiliates	<u>\$ (16,305)</u>	<u>\$ 275,901</u>

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

	<u>2019</u>	<u>2018</u>
Jewish Voice Ministries Canada		
Program services	\$ 217,068	\$ 372,361
Products	52,741	62,619
Jewish Voice Ministries UK		
Program services	108,371	138,341
Products	<u>15,539</u>	<u>22,669</u>
	<u>\$ 393,719</u>	<u>\$ 595,990</u>

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.

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Notes to Financial Statements

Note 9 – Net Assets

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

	<u>2019</u>	<u>2018</u>
Specific purpose		
Life straws	\$ 1,784,789	\$ 1,686,926
Israel holocaust survivors	1,115,311	1,227,599
Outreach events	1,039,528	374,234
Bible distribution	161,974	153,004
Israel Support/Relief Fund	-	143,160
Aliyah assistance	41,642	39,642
Other designated	84,212	95,843
	<u> </u>	<u> </u>
Total	<u>\$ 4,227,456</u>	<u>\$ 3,720,408</u>

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

Undesignated	\$ 59,378,838	\$ 50,870,720
Quasi endowment	<u>204,000</u>	<u>100,000</u>
	<u> </u>	<u> </u>
Total	<u>59,582,838</u>	<u>50,970,720</u>

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

	<u>2019</u>	<u>2018</u>
Specific purpose		
Life straws	\$ 157,459	\$ 314,277
Israel holocaust survivors	525,967	1,077,692
Outreach events	1,185,401	1,211,271
Bible distribution	-	11,890
Israel Support/Relief Fund	247,862	508,500
Aliyah assistance	21,000	18,000
Other designated	42,868	100,123
	<u> </u>	<u> </u>
Total	<u>\$ 2,180,557</u>	<u>\$ 3,241,753</u>

Jewish Voice Ministries International

Notes to Financial Statements

Note 10 – Board Designated Quasi-Endowment

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	
	2019	2018
Quasi-endowment net assets, beginning of year	\$ 100,000	\$ -
Additional Board-designated amount	104,000	100,000
Quasi-endowment net assets, end of year	<u>\$ 204,000</u>	<u>\$ 100,000</u>

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, 2019 and 2018, JVMI's matching contribution expense was \$82,262.

Note 12 – Subsequent Events

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The outbreak has disrupted economic markets, and JVMI has experienced a significant decline in the fair market value of its investments. Our results of operations could also be affected to the extent that the coronavirus or any other epidemic harms the global economy. The duration and intensity of the impact of the coronavirus and resulting disruption to JVMI's operations is uncertain. JVMI will continue to monitor the situation closely, but given the uncertainty about the situation, cannot reasonably estimate the impact to its financial statements.