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# Jewish Family Service of Colorado, Inc.

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**Consolidated Financial Report**  
**June 30, 2023**

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## Independent Auditor's Report

To the Board of Trustees  
Jewish Family Service of Colorado, Inc.

### Report on the Audits of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Jewish Family Service of Colorado, Inc. and its subsidiaries (JFS), which comprise the consolidated statement of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of JFS as of June 30, 2023 and 2022 and the changes 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of JFS and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JFS' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

#### **Auditor's Responsibilities for the Audits of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Trustees  
Jewish Family Service of Colorado, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 JFS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JFS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of JFS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JFS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JFS' internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

December 5, 2023

## Jewish Family Service of Colorado, Inc.

# Consolidated Statement of Financial Position

June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 181,465	\$ 637,100
Investments	8,054,584	8,109,218
Receivables - Net of allowances:		
Trade accounts receivable	1,381,786	1,155,414
Contributions receivable	364,717	612,225
Prepaid expenses and other current assets	209,984	291,212
Total current assets	10,192,536	10,805,169
<b>Contribution Receivable</b> - Net of current portion and discount	94,780	674,780
<b>Endowment Investments</b>		
Beneficial interests in assets held by foundations	2,157,270	814,435
Investments	3,651,366	3,533,956
Total endowment investments	5,808,636	4,348,391
<b>Property and Equipment</b> - Net	2,514,263	2,548,522
<b>Right-of-use Operating Lease Assets</b>	115,336	-
Total assets	<b>\$ 18,725,551</b>	<b>\$ 18,376,862</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 219,445	\$ 298,032
Accrued liabilities and other	925,491	991,631
Refundable advances	267,789	1,318,347
Lease liabilities - Operating - Current portion	62,646	-
Total current liabilities	1,475,371	2,608,010
<b>Noncurrent Debt</b> - Line of credit	690,000	-
<b>Lease Liabilities</b> - Operating - Net of current portion	55,688	-
Total liabilities	2,221,059	2,608,010
<b>Net Assets</b>		
Without donor restrictions - Board designated	8,943,908	9,623,218
With donor restrictions	7,560,584	6,145,634
Total net assets	16,504,492	15,768,852
Total liabilities and net assets	<b>\$ 18,725,551</b>	<b>\$ 18,376,862</b>

## Jewish Family Service of Colorado, Inc.

# Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains (Losses), and Other Support</b>						
Contributions	\$ 2,579,375	\$ 2,076,814	\$ 4,656,189	\$ 3,221,703	\$ 1,013,103	\$ 4,234,806
Contributions in-kind	1,286,402	-	1,286,402	884,231	-	884,231
Foundation grants	1,920,481	2,263,343	4,183,824	1,650,913	1,905,150	3,556,063
Federal grants and program fees	5,069,718	-	5,069,718	6,640,751	-	6,640,751
Program service fees - Net	1,584,764	-	1,584,764	1,830,172	-	1,830,172
Contract sales	238,026	-	238,026	298,209	-	298,209
Contributions and revenue from special events	3,457,034	51,000	3,508,034	2,162,988	-	2,162,988
Interest income	303,880	187,360	491,240	124,240	53,730	177,970
Net realized and unrealized gains (losses) on investments	339,066	358,017	697,083	(1,235,435)	(813,133)	(2,048,568)
Net gains on sale of property and equipment	-	-	-	2,003,530	-	2,003,530
Other revenue	2,111	-	2,111	11,644	-	11,644
Net assets released from restrictions	3,521,584	(3,521,584)	-	4,061,348	(4,061,348)	-
<b>Total revenue, gains (losses), and other support</b>	<b>20,302,441</b>	<b>1,414,950</b>	<b>21,717,391</b>	<b>21,654,294</b>	<b>(1,902,498)</b>	<b>19,751,796</b>
<b>Expenses</b>						
Program services:						
Mental health services	2,394,887	-	2,394,887	2,657,486	-	2,657,486
Aging Care & Connections	2,869,682	-	2,869,682	2,292,350	-	2,292,350
Disability services	1,158,232	-	1,158,232	1,094,027	-	1,094,027
Community resources for stability	4,626,271	-	4,626,271	5,969,778	-	5,969,778
JFS Boulder	1,143,362	-	1,143,362	957,798	-	957,798
Volunteer and chaplaincy services	431,117	-	431,117	196,823	-	196,823
Employment services	1,703,563	-	1,703,563	1,365,539	-	1,365,539
Resettlement services	715,858	-	715,858	514,573	-	514,573
<b>Total program services</b>	<b>15,042,972</b>	<b>-</b>	<b>15,042,972</b>	<b>15,048,374</b>	<b>-</b>	<b>15,048,374</b>
Support services:						
General and administrative	3,527,715	-	3,527,715	2,932,169	-	2,932,169
Fundraising and marketing	2,411,064	-	2,411,064	2,345,159	-	2,345,159
<b>Total support services</b>	<b>5,938,779</b>	<b>-</b>	<b>5,938,779</b>	<b>5,277,328</b>	<b>-</b>	<b>5,277,328</b>
<b>Total expenses</b>	<b>20,981,751</b>	<b>-</b>	<b>20,981,751</b>	<b>20,325,702</b>	<b>-</b>	<b>20,325,702</b>
<b>Change in Net Assets</b>	<b>(679,310)</b>	<b>1,414,950</b>	<b>735,640</b>	<b>1,328,592</b>	<b>(1,902,498)</b>	<b>(573,906)</b>
<b>Net Assets - Beginning of year</b>	<b>9,623,218</b>	<b>6,145,634</b>	<b>15,768,852</b>	<b>8,294,626</b>	<b>8,048,132</b>	<b>16,342,758</b>
<b>Net Assets - End of year</b>	<b>\$ 8,943,908</b>	<b>\$ 7,560,584</b>	<b>\$ 16,504,492</b>	<b>\$ 9,623,218</b>	<b>\$ 6,145,634</b>	<b>\$ 15,768,852</b>

See notes to consolidated financial statements.

**Jewish Family Service of Colorado, Inc.**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2023**

	Program Services								Support Services				
	Mental Health Services	Aging Care & Connections	Disability Services	Community Resources for Stability	JFS Boulder	Volunteer and Chaplaincy Services	Employment Services	Resettlement Services	Total	General and Administrative	Fundraising and Marketing	Total	Total
Salaries	\$ 1,750,357	\$ 986,004	\$ 723,891	\$ 1,091,944	\$ 342,363	\$ 351,462	\$ 1,198,873	\$ 342,950	\$ 6,787,844	\$ 2,312,943	\$ 785,831	\$ 3,098,774	\$ 9,886,618
Benefits and payroll taxes	349,824	178,092	157,823	196,543	66,293	44,294	227,547	45,036	1,265,452	375,246	142,372	517,618	1,783,070
<b>Total salaries and related expenses</b>	<b>2,100,181</b>	<b>1,164,096</b>	<b>881,714</b>	<b>1,288,487</b>	<b>408,656</b>	<b>395,756</b>	<b>1,426,420</b>	<b>387,986</b>	<b>8,053,296</b>	<b>2,688,189</b>	<b>928,203</b>	<b>3,616,392</b>	<b>11,669,688</b>
Occupancy	79,958	26,663	68,590	101,331	65,572	7,095	82,072	10,381	441,662	147,878	61,186	209,064	650,726
Professional	95,033	92,873	11,599	48,596	363,771	9,254	118,184	41,684	780,994	579,241	186,575	765,816	1,546,810
Printing and publicity	812	315	720	1,315	1,487	1,044	807	273	6,773	737	129,171	129,908	136,681
Postage	229	1,526	60	318	542	18	1,145	12	3,850	830	24,161	24,991	28,841
Supplies	12,847	3,355	6,805	15,943	4,377	517	6,664	454	50,962	43,143	1,825	44,968	95,930
Business meetings	857	660	930	1,095	1,033	1,660	1,267	602	8,104	22,689	9,372	32,061	40,165
Special events	-	-	-	-	29,475	9,858	-	5,155	44,488	-	1,012,112	1,012,112	1,056,600
Travel	7,007	28,103	4,131	6,643	3,161	2,065	17,457	10,966	79,533	8,623	1,730	10,353	89,886
Dues and subscriptions	2,675	1,050	2,002	-	1,145	1,061	2,130	-	10,063	23,179	1,578	24,757	34,820
Direct assistance	26,393	1,521,687	11,004	3,109,124	253,611	-	1,480	247,776	5,171,075	-	-	-	5,171,075
Business services	-	-	144,039	-	-	-	750	-	144,789	-	-	-	144,789
Other	-	-	-	-	-	-	-	-	-	-	40,760	40,760	40,760
Depreciation and amortization	68,895	29,354	26,638	53,419	10,532	2,789	45,187	10,569	247,383	13,206	14,391	27,597	274,980
<b>Subtotal</b>	<b>294,706</b>	<b>1,705,586</b>	<b>276,518</b>	<b>3,337,784</b>	<b>734,706</b>	<b>35,361</b>	<b>277,143</b>	<b>327,872</b>	<b>6,989,676</b>	<b>839,526</b>	<b>1,482,861</b>	<b>2,322,387</b>	<b>9,312,063</b>
<b>Total functional expenses</b>	<b>\$ 2,394,887</b>	<b>\$ 2,869,682</b>	<b>\$ 1,158,232</b>	<b>\$ 4,626,271</b>	<b>\$ 1,143,362</b>	<b>\$ 431,117</b>	<b>\$ 1,703,563</b>	<b>\$ 715,858</b>	<b>\$ 15,042,972</b>	<b>\$ 3,527,715</b>	<b>\$ 2,411,064</b>	<b>\$ 5,938,779</b>	<b>\$ 20,981,751</b>

**Jewish Family Service of Colorado, Inc.**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2022**

	Program Services								Support Services				
	Mental Health Services	Aging Care & Connections	Disability Services	Community Resources for Stability	JFS Boulder	Volunteer and Chaplaincy Services	Employment Services	Resettlement Services	Total	General and Administrative	Fundraising and Marketing	Total	Total
Salaries	\$ 1,936,359	\$ 883,494	\$ 619,911	\$ 1,013,179	\$ 243,115	\$ 141,546	\$ 987,974	\$ 137,855	\$ 5,963,433	\$ 1,855,608	\$ 800,588	\$ 2,656,196	\$ 8,619,629
Benefits and payroll taxes	381,489	184,299	136,001	209,784	42,239	24,890	197,943	20,511	1,197,156	283,800	136,803	420,603	1,617,759
<b>Total salaries and related expenses</b>	<b>2,317,848</b>	<b>1,067,793</b>	<b>755,912</b>	<b>1,222,963</b>	<b>285,354</b>	<b>166,436</b>	<b>1,185,917</b>	<b>158,366</b>	<b>7,160,589</b>	<b>2,139,408</b>	<b>937,391</b>	<b>3,076,799</b>	<b>10,237,388</b>
Occupancy	100,220	40,982	57,852	99,937	32,107	6,854	66,626	6,150	410,728	198,839	92,376	291,215	701,943
Professional	125,053	98,210	68,806	39,665	228,607	11,763	55,122	1,599	628,825	413,839	267,201	681,040	1,309,865
Printing and publicity	274	219	388	506	303	734	156	78	2,658	1,246	264,060	265,306	267,964
Postage	180	1,467	111	314	72	3	873	18	3,038	863	20,590	21,453	24,491
Supplies	10,486	2,284	8,449	11,738	1,476	66	2,939	312	37,750	57,319	5,240	62,559	100,309
Business meetings	552	442	1,410	239	929	-	1,378	38	4,988	11,070	8,876	19,946	24,934
Special events	29	100	450	-	457	6,161	-	92	7,289	49	723,658	723,707	730,996
Travel	483	22,388	2,003	3,948	534	1,844	8,861	3,276	43,337	3,932	1,253	5,185	48,522
Dues and subscriptions	4,843	100	2,117	736	100	928	-	-	8,824	16,706	1,027	17,733	26,557
Direct assistance	24,496	1,035,011	3,781	4,526,540	407,502	-	674	342,929	6,340,933	306	-	306	6,341,239
Business services	-	-	181,349	-	-	-	-	-	181,349	66,990	-	66,990	248,339
Other	-	-	400	-	-	25	-	-	425	21,602	72	21,674	22,099
Depreciation and amortization	73,022	23,354	10,999	63,192	357	2,009	42,993	1,715	217,641	-	23,415	23,415	241,056
<b>Subtotal</b>	<b>339,638</b>	<b>1,224,557</b>	<b>338,115</b>	<b>4,746,815</b>	<b>672,444</b>	<b>30,387</b>	<b>179,622</b>	<b>356,207</b>	<b>7,887,785</b>	<b>792,761</b>	<b>1,407,768</b>	<b>2,200,529</b>	<b>10,088,314</b>
<b>Total functional expenses</b>	<b>\$ 2,657,486</b>	<b>\$ 2,292,350</b>	<b>\$ 1,094,027</b>	<b>\$ 5,969,778</b>	<b>\$ 957,798</b>	<b>\$ 196,823</b>	<b>\$ 1,365,539</b>	<b>\$ 514,573</b>	<b>\$ 15,048,374</b>	<b>\$ 2,932,169</b>	<b>\$ 2,345,159</b>	<b>\$ 5,277,328</b>	<b>\$ 20,325,702</b>



## Jewish Family Service of Colorado, Inc.

# Consolidated Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 735,640	\$ (573,906)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	274,980	241,056
Investment return	(1,189,420)	1,662,158
Change in beneficial interests in assets held by foundations	(17,864)	163,867
Donation of investments	(332,579)	(863,846)
Contributions received for endowment	(1,324,971)	(1,726)
Operating lease expense net of amortization of right-of-use asset and operating lease payments	2,998	-
Gain on sale of property and equipment	-	(2,003,530)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(226,372)	(331,294)
Contributions receivable	827,508	(832,202)
Prepaid expenses and other assets	81,228	(122,556)
Accounts payable and accrued expenses	(144,727)	190,026
Refundable advances	(1,050,558)	1,132,616
Net cash and cash equivalents used in operating activities	(2,364,137)	(1,339,337)
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(1,855,866)	(4,347,658)
Proceeds from sales and maturities of investments	1,990,118	2,952,318
Purchase of property and equipment	(278,183)	(426,550)
Proceeds from sale of property and equipment	37,462	2,748,353
Net cash and cash equivalents (used in) provided by investing activities	(106,469)	926,463
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions restricted for endowments	1,324,971	1,726
Proceeds from line of credit	690,000	-
Net cash and cash equivalents provided by financing activities	2,014,971	1,726
<b>Net Decrease in Cash and Cash Equivalents</b>	(455,635)	(411,148)
<b>Cash and Cash Equivalents - Beginning of year</b>	637,100	1,048,248
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 181,465</b>	<b>\$ 637,100</b>
<b>Supplemental Cash Flow Information - Right-of-use asset obtained for new lease liabilities</b>	<b>\$ 129,044</b>	<b>\$ -</b>

## Notes to Consolidated Financial Statements

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**June 30, 2023 and 2022**

### **Note 1 - Nature of Business**

Jewish Family Service of Colorado, Inc. (JFS) is a nonprofit human services organization that serves anyone in need - regardless of their circumstances or religious beliefs. We believe in a shared responsibility to support impactful changes throughout our community.

Founded more than 150 years ago, we currently offer more than 30 programs and services, including food security, housing stability, mental health counseling, aging care, employment support, refugee resettlement, chaplaincy, and disability services. JFS takes a holistic approach, assessing the various needs of the individual or family and provides the appropriate services all from one organization. We continuously evaluate the evolving challenges of our community and adapt or develop programs that respond to the resulting needs. In fiscal year 2023, JFS provided 154,141 services, including visits, sessions, classes, and deliveries to 32,338 clients of all faiths, races, sexual orientations, genders, ages, incomes, and abilities across multiple programs.

JFS holds properties through its wholly owned subsidiaries, Shalom LLC and JFST LLC (Colorado limited liability companies). The accompanying financial statements are consolidated to include the activities of Jewish Family Service of Colorado, Inc.; Shalom LLC; and JFST LLC. All significant intercompany transactions have been eliminated. Shalom LLC was dissolved during the year ended June 30, 2022 due to the sale of the building held by the entity.

#### ***Mental Health Counseling and Services***

JFS provides quality trauma-informed therapy in person or through HIPAA-approved teletherapy for more than 1,220 individuals, couples, and families through 12,581 sessions to support neighbors dealing with a variety of issues, including depression, grief, trauma, relationship issues, anxiety, and family crises. Our bilingual Russian-speaking therapist offers counseling and support to Denver's underserved Russian population. Through the Refugee Mental Health program, JFS provides competent, trauma-informed therapy on an outpatient basis to refugee individuals and families who are adjusting to life in Colorado for more than 211 refugees from 10 different countries. KidSuccess provides free school-based mental health services to 534 students at 15 Denver public schools and 1 private school.

#### ***Aging Care & Connections***

The Jay and Rose Phillips Aging Care & Connections department helps 605 older adults live safely and independently in the setting of their choice by providing 11,083 services ranging from care management, counseling, and homemaker services. The Aging Care & Connections program reduces social isolation and barriers to care for older adults in aging-friendly communities by offering inclusive programs and support services such as Kosher Meals on Wheels, meals at the JCC, and Friendly Visitors. Additionally, JFS provides vital services to 105 Holocaust survivors in need of care and support that allow them to remain safely in their own homes and maintain a good quality of life.

#### ***Disability Services***

JFS supports 73 people with disabilities, as well as their families and caregivers, by providing a person-centered approach to individually customized services. Services for people with disabilities include connecting participants to volunteer opportunities, meaningful employment, and social and recreational activities. Our disability program builds the workforce of the Denver metro area by providing individual and group employment support for those with barriers to employment. The Arts and Community Exploration (ACE) program is a people-centered interactive day program for individuals with intellectual and developmental disabilities. In addition, JFS coordinates the Jewish Disability Advocates (JDA) program to promote full participation and inclusion of people with disabilities who are of the Jewish faith into the Jewish community and the community at-large. In fiscal year 2022, JDA initiated a Jewish Best Buddies chapter, matching adults with IDD with neurotypical buddies. The program has offered many programs and activities for buddies to participate in.

## Notes to Consolidated Financial Statements

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June 30, 2023 and 2022

### **Note 1 - Nature of Business (Continued)**

#### ***Community Resources for Stability***

JFS offers robust and comprehensive assistance to individuals and families in crisis while promoting long-term self-sufficiency and preventing homelessness. By providing supportive services, such as financial assistance, case management, job preparation/employment services, JFS is helping the most at-risk people in our community stabilize their lives and improve their economic security. In addition, JFS increases access to fresh, healthy, and nutritious foods and meals at the Weinberg Food Pantry, serving 860,000 pounds of food to 28,000 households composed of nearly 69,000 individuals annually. Moreover, we delivered essential food and supplies to homebound older adults each week and provided over 26,000 meals in fiscal year 2023. The Lunchbox Express program provided 10,843 free, healthy lunches to children living in neighborhoods with high rates of poverty to combat childhood hunger.

In 2023, we launched JFS Mobile Food & Hygiene Pantry, which provides food assistance in areas of need for those facing food insecurity. The mobile pantry travels to Denver neighborhoods and housing complexes with high percentages of food insecurity, community and recreation centers to reach those with transportation barriers, and locations we serve during the summer months through our Lunchbox Express program. Removing transportation barriers ensures families experiencing food insecurity will have continued access to healthy, fresh, and culturally relevant foods, such as produce, meats, and dried goods, as well as information on how to access the more than 30 programs and services offered by JFS. The mobile food pantry served more than 190,000 meals in 2023.

Through its Emergency Housing Assistance Program, JFS provides emergency financial assistance protecting families facing eviction, ensuring their ability to pay their rent, mortgage, or bills and increasing their long-term financial stability. There were 654 households served in 2023.

#### ***Employment Services***

JFS is a unique provider of workforce development services because it provides intensive, individualized case management and a full continuum of services focused on self-sufficiency, as well as a two-generation approach to remediating systemic and generational poverty. Our work is in-person and virtual to serve Coloradans who have been disproportionately affected by the pandemic and those who face systemic or perceived barriers to gain employment stability and economic mobility in 21st century Colorado jobs earning a living wage. JFS provides employment services to jobseekers, including job application and resume assistance, workshops, and individualized job assistance. JFS partners with Denver metro area businesses and organizations by providing them with qualified and assessed job candidates at no charge. We also provide intensive case management and job readiness services for those eligible for Temporary Assistance to Needy Families (TANF). Abby's Impact, a client-centered, integrated program for young adults that builds skills to facilitate resiliency and foster healthy minds, served over 2,000 clients in 2023.

#### ***Refugee Resettlement***

In October 2022, JFS became a permanent Reception & Placement (R&P) agency working in partnership with HIAS, the Global Jewish Organization for Refugees, making JFS the fourth resettlement agency in Colorado. JFS resettled 102 refugees from Afghanistan, Democratic Republic of Congo, Syria, Sudan, Ukraine, and Latin America. Available services for refugees include mental health care; cultural orientation; access to culturally appropriate food and essential items; ongoing case management to further assist with the transition to Colorado; assistance with government benefits, language courses, and school enrollment; workforce development and employment support; and vital assistance securing affordable housing.

## Notes to Consolidated Financial Statements

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June 30, 2023 and 2022

### **Note 1 - Nature of Business (Continued)**

#### ***Volunteers***

The Volunteer Services program utilizes the skills and experience of a diverse pool of volunteers to strengthen the services of the agency by helping to coordinate food distribution in the food pantry; enhancing the lives of older adults with regular visits and outings; leading holiday and Shabbat celebrations at nursing homes, assisted-living facilities, hospitals, and prisons; distributing lunches to children in low-income neighborhoods during the summer; feeding older adults at a congregate meal setting; providing one-to-one friendship to adults with intellectual and developmental disabilities; helping with resettlement of newly arrived refugees; and providing pro bono professional services. In 2023, over 21,543 hours of volunteer time supported JFS programs and services.

#### ***JFS Boulder***

JFS Boulder helped 2,152 individuals through 8,975 services to maintain a high quality of life through programs and services that keep them supported, connected, and engaged. Services include care management, counseling, companionship, emergency assistance, and holiday celebrations.

JFS Boulder continues to process emergency housing assistance claims for individuals and families whose incomes have been directly impacted by COVID-19 and the Marshall Fire and continues to oversee mental health counseling services to those impacted by the Marshall Fire.

#### ***Chaplaincy Services***

JFS' community chaplain provides spiritual comfort to 436 Jewish individuals and families through 1,321 services ranging from direct spiritual care to those who are ill, in crisis, or near the end of their lives in hospitals, mental health institutions, correctional facilities, or at home.

### **Note 2 - Significant Accounting Policies**

#### ***Classification of Net Assets***

Net assets of JFS are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of JFS.

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 JFS or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

#### ***Cash Equivalents***

JFS considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents unless held as part of the investment portfolio. Accounts, at times, may exceed federally insured limits.

**Notes to Consolidated Financial Statements**

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**June 30, 2023 and 2022**

**Note 2 - Significant Accounting Policies (Continued)**

***Accounts Receivable***

Accounts receivable represent amounts due from the performance of services provided to other organizations and individuals or grants receivable. Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was \$0 and \$8,029 as of June 30, 2023 and 2022, respectively.

***Investments***

JFS has investment guidelines that are recommended by JFS' investment committee and approved by the board of trustees. The overall objective of the guidelines is to provide capital growth in the investment portfolio while also considering market risks, restrictions pertinent to the invested assets, and the cash flow requirements of JFS.

JFS pools its investments for the majority of its endowments, plant funds, unemployment fund, other board-designated funds, and excess operating funds. Pooling funds for investment purposes spreads the total risk and makes the risk equal for all funds invested, enhancing the investment performance relative to that of an individual fund and reducing management fees. Realized and unrealized gains and losses from securities in the pooled investments are allocated proportionally among all funds that comprise the pool.

Investments in mutual funds and money market funds with readily determinable fair values are stated at fair value. Other investments are stated at fair value based on information reported by the manager or administrator of the investment. Investment income and realized and unrealized gains and losses are reflected in the consolidated statement of activities and changes in net assets as with or without donor restrictions based on the existence of donor-imposed restrictions. Donated marketable investments are sold upon receipt. The fair value of the securities on the date received is recognized as a contribution. During the years ended June 30, 2023 and 2022, JFS recorded donated investments valued at approximately \$333,000 and \$864,000, respectively.

The various investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the consolidated financial statements of JFS.

***Property and Equipment***

Property and equipment are recorded at cost or, if donated, the estimated fair value of the asset at the date of receipt. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which range from 5 to 30 years. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

**Notes to Consolidated Financial Statements**

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**June 30, 2023 and 2022**

**Note 2 - Significant Accounting Policies (Continued)**

***Contributions***

Unconditional promises to give cash and other assets to JFS are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. Management has deemed that all contributions receivable are considered collectible as of June 30, 2023 and 2022.

Conditional promises to give from individuals, foundations, or other organizations are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. As of June 30, 2023, these conditional promises to give totaled approximately \$1,070,000.

JFS also receives support from federal and state government grants. Amounts received are deemed to be earned and are reported as revenue when JFS has incurred expenditures or performed services in compliance with the specific contract restrictions. These grant funds are conditional based on future expenditures and activities occurring. As of June 30, 2023, conditional grant contributions outstanding totaled approximately \$1,930,000 for governmental grants to be expended in future years.

***Refundable Advances***

Amounts received as contributions from donors for which the criteria for recognizing contribution revenue has not yet been met are recorded as refundable advance liabilities. As conditions on these contributions are met, the liability will be reduced and contribution revenue will be recognized.

***Contributions In-kind***

Certain donated services are recognized as support in the consolidated statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

Other volunteer services are not reflected in the financial statements because the services do not meet recognition criteria under accounting principles generally accepted in the United States of America. The value of the volunteer services is not disclosed, as no objective basis is available to measure the value of such services.

Donated assets are reflected in the financial statements at their estimated fair value at the date of donation, as described in Note 13.

**Notes to Consolidated Financial Statements**

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**June 30, 2023 and 2022**

**Note 2 - Significant Accounting Policies (Continued)**

***Revenue Recognition***

JFS' revenue from contracts with customers comprises program service fees for counseling and disability services, which are recognized at a point in time as the services are provided. These services are rendered to Medicaid program beneficiaries and individual self-payers and are paid at prospectively determined rates based upon clinical, diagnostic, and other factors. Payment for services is due within 30 days. Program fees are reported at the estimated net realizable amounts. Retroactively calculated third-party contractual adjustments are accrued on an estimated basis in the period the related services are rendered. Net program fees are adjusted as required in subsequent periods based on final settlements. Revenue from contracts with customers totaled \$1,584,764 and \$1,830,172 as of June 30, 2023 and 2022, respectively. Accounts receivable from contracts with customers totaled approximately \$150,000, \$215,000, and \$226,000 as of June 30, 2023, 2022, and 2021, respectively. There were no contract liabilities related to contracts with customers for the years ended June 30, 2023, 2022, and 2021.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. The amount of expenditures that potentially may be disallowed cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Personnel costs have been allocated based on time and effort. Occupancy costs, including depreciation, are allocated based on square footage. Information technology (IT) support, insurance, and supplies have been allocated based on full-time equivalent employees. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Income Taxes***

JFS is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). However, income from activities not directly related to JFS' tax-exempt purpose is subject to taxation as unrelated business income. There was no significant unrelated taxable business income in 2023 or 2022.

***Reclassification***

Certain 2022 amounts have been reclassified to conform to the 2023 presentation. These amounts include \$2,162,988 of contributions that have been reclassified out of contributions into contributions and revenue from special events within the consolidated statement of activities and changes in net assets and \$814,435 of investments related to endowment reclassified to investments within the consolidated statement of financial position.

## Notes to Consolidated Financial Statements

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June 30, 2023 and 2022

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Adoption of New Accounting Pronouncement***

As of July 1, 2022, JFS adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. JFS elected to adopt the ASU using the modified retrospective method as of July 1, 2022 and applied the following practical expedients:

- JFS did not reassess if expired or existing contracts are or contain a lease.
- JFS did not reassess the lease classification for expired or existing leases.
- JFS used hindsight to determine the lease term and to assess impairment of the right-of-use assets for existing leases.
- JFS did not reassess initial direct costs for any existing leases.

There were no adjustments or impact to net assets as of July 1, 2022 as a result of the adoption of the ASU.

#### ***Upcoming Accounting Pronouncement***

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including JFS' accounts receivable pertaining to exchange revenue, by requiring JFS to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for JFS' year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of year net assets in the year of adoption.

#### ***Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including December 5, 2023, which is the date the consolidated financial statements were available to be issued.

Subsequent to year end, JFS formed a new subsidiary, JFS Altius Farms, LLC, (JFS Altius), which will be considered a disregarded entity for tax purposes. On August 9, 2023, JFS Altius acquired the assets of Altius Farms, Inc., an aeroponic farm that is in the business of growing and selling greens to restaurants, grocery stores, and consumers, for a purchase price of approximately \$120,000. JFS Altius will continue to run the farm as part of its business.



**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 3 - Liquidity and Availability of Resources**

The following reflects JFS' financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 181,465	\$ 637,100
Trade accounts receivable	1,381,786	1,155,414
Contributions receivable	364,717	612,225
Investments	8,054,584	8,109,218
	<u>9,982,552</u>	<u>10,513,957</u>
Current financial assets - At year end		
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	1,751,948	1,797,243
Board designations - Assets not available for general use	2,485,361	6,800,118
	<u>4,237,309</u>	<u>8,597,361</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,745,243</u>	<u>\$ 1,916,596</u>

JFS is substantially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, JFS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of JFS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, JFS invests cash in excess of daily requirements in short-term investments. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, JFS also could draw upon its 1,000,000 available line of credit (as further discussed in Note 8).

**Note 4 - Contributions Receivable**

Included in contributions receivable are several unconditional promises to give. Promises to give due in more than one year are discounted using a rate of return of 2.6 percent.

Unconditional promises to give at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Gross promises to give before unamortized discount	\$ 464,717	\$ 1,292,225
Less net present value discount	(5,220)	(5,220)
	<u>459,497</u>	<u>1,287,005</u>
Net contributions receivable		
Amounts due in:		
Less than one year	\$ 364,717	\$ 612,225
One to five years	100,000	680,000
	<u>464,717</u>	<u>1,292,225</u>
Total	<u>\$ 464,717</u>	<u>\$ 1,292,225</u>

## Notes to Consolidated Financial Statements

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June 30, 2023 and 2022

### **Note 5 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about JFS' assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by JFS to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that JFS has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. JFS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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

#### ***Mutual Funds***

The fair value of mutual funds is based on quoted prices on nationally recognized securities exchanges.

#### ***Other***

Other investments have been valued using information reported by the manager or the administrator of the investment. The estimated value is determined based on a valuation of the underlying assets and liabilities by, or with material assistance or confirmation of, an independent third-party valuation expert or service. There is not an active market or a readily determinable fair value for these assets.

#### ***Beneficial Interests in Assets Held by Foundations***

The beneficial interests in assets held by foundations have been valued, as a practical expedient, at the fair value of JFS' share of the foundations' investment pool as of the measurement date. The fair values of the investments held by foundations include Levels 1, 2, and 3; however, JFS' pro rata share of the pooled investments is not quoted in active markets and, therefore, is classified under Level 3 in the fair value hierarchy.

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 5 - Fair Value Measurements (Continued)**

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2023</u>			
	<u>Quoted Prices in</u>			
	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance at June 30, 2023</u>
Mutual funds:				
Domestic equity	\$ 5,825,221	\$ -	\$ -	\$ 5,825,221
International equity	2,853,554	-	-	2,853,554
Money market funds	263,197	-	-	263,197
Bonds	1,836,788	-	-	1,836,788
Other	249,678	-	-	249,678
Commodities	96,460	-	-	96,460
Total mutual funds	11,124,898	-	-	11,124,898
Money market funds	28,782	-	-	28,782
Other	-	-	552,270	552,270
Beneficial interests in assets held by foundations	-	-	2,157,270	2,157,270
Total assets	<u>\$ 11,153,680</u>	<u>\$ -</u>	<u>\$ 2,709,540</u>	<u>\$ 13,863,220</u>

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2022</u>			
	<u>Quoted Prices in</u>			
	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance at June 30, 2022</u>
Mutual funds:				
Domestic equity	\$ 5,209,975	\$ -	\$ -	\$ 5,209,975
International equity	2,458,708	-	-	2,458,708
Bonds	921,366	-	-	921,366
Other	1,254,565	-	-	1,254,565
Commodities	88,803	-	-	88,803
Total mutual funds	9,933,417	-	-	9,933,417
Money market funds	1,197,411	-	-	1,197,411
Other	-	-	512,346	512,346
Beneficial interests in assets held by foundations	-	-	814,435	814,435
Total assets	<u>\$ 11,130,828</u>	<u>\$ -</u>	<u>\$ 1,326,781</u>	<u>\$ 12,457,609</u>

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 5 - Fair Value Measurements (Continued)**

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2023 and 2022 are as follows:

	Beneficial Interests in Assets Held by Foundations	Other
Balance at July 1, 2022	\$ 814,435	\$ 512,346
Additions	1,324,971	-
Change in investment value	63,182	39,924
Distributions	(45,318)	-
Balance at June 30, 2023	<u>\$ 2,157,270</u>	<u>\$ 552,270</u>
	Beneficial Interests in Assets Held by Foundations	Other
Balance at July 1, 2021	\$ 978,302	\$ -
Additions	-	512,346
Change in investment value	(120,244)	-
Distributions	(43,623)	-
Balance at June 30, 2022	<u>\$ 814,435</u>	<u>\$ 512,346</u>

**Note 6 - Beneficial Interests in Assets Held by Foundations**

JFS entered into endowment fund agreements with two foundations to establish permanent endowment funds (the "Funds"). The assets of the Funds are owned by JFS; however, the Funds are held and invested by the foundations for the benefit of JFS. Distributions from the Funds are available to JFS for mental health and safety net services.

The beneficial interests have been recorded as net assets with perpetual restrictions in the accompanying consolidated statement of financial position and are based on the fair value of the underlying assets in the Funds, which is \$2,157,270 and \$814,435 at June 30, 2023 and 2022, respectively. On an annual basis, JFS evaluates its beneficial interest in the Funds and records any increases or decreases in the value as gains or losses in net assets with donor restrictions.

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 7 - Property and Equipment**

Property and equipment are summarized as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 540,000	\$ 540,000
Buildings	1,166,117	1,166,117
Machinery and equipment	207,867	207,867
Transportation equipment	517,414	346,130
Furniture and fixtures	210,787	210,787
Computer equipment and software	161,706	199,344
Leasehold improvements	<u>2,212,177</u>	<u>2,183,407</u>
Total cost	5,016,068	4,853,652
Accumulated depreciation	<u>2,501,805</u>	<u>2,305,130</u>
Net property and equipment	<u>\$ 2,514,263</u>	<u>\$ 2,548,522</u>

Depreciation and amortization expense for property and equipment totaled \$274,980 and \$241,056 for the years ended June 30, 2023 and 2022, respectively.

**Note 8 - Line of Credit**

JFS had a \$500,000 line of credit agreement with a bank, which accrued interest at the bank's prime rate (3.25 percent for June 30, 2022) and expired in December 2022. The line of credit was unsecured and subject to certain operating and financial covenants. There were no amounts outstanding on the line of credit as of June 30, 2022.

During 2023, JFS opened a new \$1,000,000 line of credit with a bank, which accrues interest at *The Wall Street Journal* U.S. prime rate (8.25 percent for the year ended June 30, 2023) and expires on March 10, 2025, at which point it is due on demand. The line of credit is unsecured and subject to certain operating and financial covenants. As of June 30, 2023, JFS has an outstanding balance of \$690,000 on the line of credit.

**Note 9 - Net Assets**

Net assets without donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Board-designated net assets:		
Operating and general reserves	\$ 6,458,547	\$ 2,823,100
Plant and equipment	2,485,361	3,095,278
Specific programs	-	707,264
Campaign and other	<u>-</u>	<u>2,997,576</u>
Total board-designated net assets	<u>\$ 8,943,908</u>	<u>\$ 9,623,218</u>

The board-designated net assets are overseen by the board of trustees and can be changed to respond to the changing needs of JFS.

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 9 - Net Assets (Continued)**

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2023	2022
Program-specific activities	\$ 1,557,168	\$ 1,495,440
Contributions receivable - Time and purpose restricted	194,780	301,803
Endowment:		
Accumulated earnings	298,789	61,971
Amounts to be held in perpetuity	5,509,847	4,286,420
Total endowment	5,808,636	4,348,391
Total	\$ 7,560,584	\$ 6,145,634

**Note 10 - Donor-restricted and Board-designated Endowments**

JFS' endowment is composed of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

JFS is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of JFS has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, JFS considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. JFS has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, JFS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of JFS and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JFS
- The investment policies of JFS

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

		Endowment Net Asset Composition by Type of Fund as of June 30, 2023	
		Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$	-	\$ 5,509,847
Accumulated investment gains		-	298,789
Total	\$	-	\$ 5,808,636
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023			
		Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	\$	-	\$ 4,348,391
Investment return		-	479,847
Contributions		-	1,357,236
Appropriation of endowment assets for expenditure		-	(376,838)
Endowment net assets - End of year	\$	-	\$ 5,808,636
Endowment Net Asset Composition by Type of Fund as of June 30, 2022			
		Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$	-	\$ 4,286,420
Accumulated investment gains		-	61,971
Total	\$	-	\$ 4,348,391
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022			
		Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	\$	-	\$ 5,332,149
Investment return		-	(718,297)
Contributions		-	1,726
Appropriation of endowment assets for expenditure		-	(267,187)
Endowment net assets - End of year	\$	-	\$ 4,348,391

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### **Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

#### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JFS to retain as a fund of perpetual duration. In accordance with accounting guidance, deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies of this nature exist in three and two donor-restricted endowment funds as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees. As of June 30, 2023 and 2022, the corpus of the underwater funds was \$835,889 and \$1,869,647, respectively, with market values of \$765,004 and \$1,711,513, respectively, resulting in deficiencies of \$70,885 and \$158,134, respectively.

#### ***Return Objectives and Risk Parameters***

JFS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that JFS must hold in perpetuity or for a donor-specified period. The endowment assets are invested in a manner that is intended to produce results of a blended portfolio while assuming a moderate level of investment risk. JFS' primary objective is to realize a return of the Consumer Price Index (CPI) plus 5 percent per year to cover annual spending needs, while leaving some excess return to cover expenses and account for inflation. Its secondary return objective is to outperform, on a net basis, a market-weighted benchmark that reflects the target asset allocation of the portfolio. JFS strives to achieve its return objectives with the minimal total portfolio risk necessary. Actual returns in any given year may vary from this amount.

A portion of JFS' endowment is held by two foundations and is reflected as a beneficial interest in assets held by foundations (see Note 6). These endowment assets are managed by the foundations, and JFS has granted the foundations the ability to apply appropriate investment and spending policies. These policies attempt to provide a predictable stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, JFS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). JFS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

JFS may distribute annually a percentage of each endowment fund's average fair market value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. The appropriate spending percentage is determined on a year-to-year basis by the budget and finance committee after consideration of the UPMIFA factors listed above. It is expected, except in unusual circumstances, that the spending percentage will not exceed 5 percent.

A spending percentage that exceeds 5 percent requires approval by the board. Should the value of an endowment fund decline below the corpus balance in any given year because of adverse market conditions, the budget and finance committee may continue to approve distributions from the endowment fund to support the endowment fund's designated purposes, keeping in mind the donor's intent that the corpus of the endowment fund shall be preserved in perpetuity. In the case of endowment funds that have been in existence for fewer than 12 quarters, the quarters during which the endowment has been in existence will be used as the basis for calculating the average fair market value of the fund.



**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

It is possible, particularly in the case of new endowment funds, for the annual return on the endowment fund to be less than the spending appropriation for the short term.

**Note 11 - Employee Benefit Plans**

***Employee Retirement Plan***

JFS sponsors a 401(k) plan in which all eligible employees may participate. JFS may make discretionary matching and profit-sharing contributions to the plan. JFS made a matching contribution equal to 50 percent of the first 4 percent of each eligible participant's contribution in 2023 and 2022. Contributions to the plan totaled \$244,353 and \$188,814 for the years ended June 30, 2023 and 2022, respectively.

***Health Savings Account***

JFS provides a Health Savings Account (HSA) that allows participants to contribute a portion of their salary on a nontaxable basis to be used for reimbursement of eligible expenses. JFS contributes \$39 per month to the HSA for each full-time employee enrolled in the HSA plan (prorated for part-time employees). JFS contributed \$20,317 and \$24,101 to the HSA for the years ended June 30, 2023 and 2022, respectively.

**Note 12 - Leases**

JFS is obligated under two operating leases that began during 2023 primarily for space to house certain programs, expiring on February 28, 2025 and June 30, 2025. JFS elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for these leases. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 4.46 percent to 4.62 percent. The leases require JFS to pay taxes, insurance, utilities, and maintenance costs. Variable lease expenses associated with the leases were approximately \$7,456 for 2023, and cash paid for the leases was \$11,795 for 2023.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2024	\$ 66,717
2025	56,900
Total	123,617
Less amount representing interest	5,283
Less current obligations	62,646
Long-term obligations under leases	<u>\$ 55,688</u>

**Notes to Consolidated Financial Statements**

**June 30, 2023 and 2022**

**Note 12 - Leases (Continued)**

Expenses recognized under these leases for the years ended June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Lease cost:		
Operating lease cost	\$ 11,795	\$ 42,744
Short-term lease cost	<u>44,586</u>	<u>21,256</u>
Total lease cost	<u>\$ 56,381</u>	<u>\$ 64,000</u>
Other information:		
Weighted-average remaining lease term (months) - Operating leases		22
Weighted-average discount rate - Operating leases		4.5 %

**Note 13 - Contributed Nonfinancial Assets**

JFS received the following contributions of nonfinancial assets that are used in operations for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Donated food and goods	\$ 1,085,684	\$ 817,240
Donated legal services	<u>200,718</u>	<u>66,991</u>
Total	<u>\$ 1,286,402</u>	<u>\$ 884,231</u>

Donated food is valued at an average of the national wholesale prices determined by Feeding America, a hunger relief organization. Donated commodities received by The Emergency Food Assistance Program (TEFAP) are valued based on prices provided by the U.S. Department of Agriculture. Donated materials and goods are recorded as revenue and expense at their estimated fair market value at the time of receipt.

Donated services are recognized as in-kind revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. JFS receives contributed legal services that are reported using current rates for similar services that would be charged if they were not provided by counsel free of charge.