Jewish Family Service of Colorado, Inc.

Consolidated Financial Report

June 30, 2019

Contents

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying 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, 2019 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of Colorado, Inc. and its subsidiaries as of June 30, 2019 and the results of their operations, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, Jewish Family Service of Colorado, Inc. and its subsidiaries adopted the provisions under Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* as of July 1, 2018 and applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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

Report on Prior Year Consolidated Financial Statements

The consolidated financial statements of Jewish Family Service of Colorado, Inc. and its subsidiaries as of June 30, 2018 were audited by other auditors, whose report dated March 18, 2020 expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020 on our consideration of Jewish Family Service of Colorado, Inc.'s 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 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 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 Jewish Family Service of Colorado, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 26, 2020

Consolidated Statement of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 631,254	$ 980,263
Investments	7,740,552	8,157,629
Receivables - Net of allowances:		
Accounts receivable	1,072,615	987,796
Contributions receivable	1,561,362	2,653,354
Assets held under deferred compensation plan	280,457	360,898
Beneficial interests in assets held by foundations	863,924	873,602
Prepaid expenses and other current assets	191,365	173,000
Total current assets	12,341,529	14,186,542
Property and Equipment - Net	3,209,688	3,246,239
Total assets	**$ 15,551,217**	**$ 17,432,781**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 195,082	$ 213,839
Accrued liabilities	1,062,824	1,091,587
Line of credit	-	500,000
Total liabilities	1,257,906	1,805,426
Net Assets		
Without donor restrictions - Board designated	6,153,697	6,300,660
With donor restrictions	8,139,614	9,326,695
Total net assets	14,293,311	15,627,355
Total liabilities and net assets	**$ 15,551,217**	**$ 17,432,781**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	$ 2,939,424	$ 822,137	$ 3,761,561	$ 2,785,081	$ 643,408	$ 3,428,489
Foundations and grants	938,843	1,794,618	2,733,461	825,146	1,982,394	2,807,540
Federal grants and contracts	2,662,458	-	2,662,458	3,050,210	-	3,050,210
Program service fees - Net	2,075,034	-	2,075,034	1,734,004	-	1,734,004
Contract sales	345,220	-	345,220	315,851	-	315,851
Interest income	162,742	139,093	301,835	103,426	97,366	200,792
Net realized and unrealized gains on investments	94,591	99,783	194,374	156,948	173,434	330,382
Change in value of split-interest agreements	-	(9,678)	(9,678)	-	33,806	33,806
Other revenue	57,535	-	57,535	74,108	-	74,108
Net assets released from restrictions	4,033,034	(4,033,034)	-	3,140,224	(3,140,224)	-
Total revenue, gains, and other support	13,308,881	(1,187,081)	12,121,800	12,184,998	(209,816)	11,975,182
Expenses						
Program services:						
Mental Health Services	2,770,669	-	2,770,669	2,421,671	-	2,421,671
Aging Care & Connections	2,244,987	-	2,244,987	2,112,782	-	2,112,782
Volunteer Services	147,948	-	147,948	146,849	-	146,849
Family Safety Net Services	1,986,546	-	1,986,546	2,031,591	-	2,031,591
Boulder JFS	203,197	-	203,197	187,387	-	187,387
Chaplaincy Services	55,749	-	55,749	64,874	-	64,874
Disability and Employment Services	2,801,082	-	2,801,082	2,975,832	-	2,975,832
Total program services	10,210,178	-	10,210,178	9,940,986	-	9,940,986
Support services:						
General and administrative	1,746,465	-	1,746,465	1,665,775	-	1,665,775
Fundraising	1,499,201	-	1,499,201	1,507,272	-	1,507,272
Total support services	3,245,666	-	3,245,666	3,173,047	-	3,173,047
Total expenses	13,455,844	-	13,455,844	13,114,033	-	13,114,033
Decrease in Net Assets	(146,963)	(1,187,081)	(1,334,044)	(929,035)	(209,816)	(1,138,851)
Net Assets - Beginning of year	6,300,660	9,326,695	15,627,355	7,229,695	9,536,511	16,766,206
Net Assets - End of year	**$ 6,153,697**	**$ 8,139,614**	**$ 14,293,311**	**$ 6,300,660**	**$ 9,326,695**	**$ 15,627,355**

See notes to consolidated financial statements.

Jewish Family Service of Colorado, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services								Support Services			
	Mental Health Services	Aging Care & Connections	Volunteer Services	Family Safety Net Services	Boulder JFS	Chaplaincy Services	Disability and Employment Services	Total	General and Administrative	Fundraising	Total	2019
Salaries	$ 1,801,663	$ 1,013,928	$ 100,479	$ 462,407	$ 140,411	$ 37,612	$ 1,616,843	$ 5,173,343	$ 1,140,349	$ 623,962	$ 1,764,311	$ 6,937,654
Benefits and payroll taxes	392,681	221,829	19,016	90,237	26,750	7,995	411,742	1,170,250	212,133	108,738	320,871	1,491,121
Total salaries and related expenses	2,194,344	1,235,757	119,495	552,644	167,161	45,607	2,028,585	6,343,593	1,352,482	732,700	2,085,182	8,428,775
Occupancy	108,901	53,466	13,192	62,273	15,393	2,639	171,636	427,500	34,013	74,248	108,261	535,761
Professional	381,866	114,058	9,554	45,336	11,081	3,698	163,749	729,342	244,619	259,537	504,156	1,233,498
Printing and publicity	2,541	3,240	372	1,500	458	-	9,187	17,298	1,071	76,400	77,471	94,769
Postage	570	1,955	316	371	227	5	1,984	5,428	1,873	14,685	16,558	21,986
Supplies	8,375	2,453	202	9,242	2,447	369	27,080	50,168	28,580	5,445	34,025	84,193
Business meetings	875	1,003	-	779	641	-	2,655	5,953	8,615	7,091	15,706	21,659
Special events	161	1,685	-	-	382	-	2,053	4,281	32	274,174	274,206	278,487
Travel	4,696	28,312	388	3,976	2,352	1,285	13,328	54,337	17,711	3,637	21,348	75,685
Dues and subscriptions	1,701	2,203	-	2,614	100	581	8,887	16,086	13,764	1,847	15,611	31,697
Direct assistance	1,676	723,581	-	1,276,504	2,510	-	35,092	2,039,363	-	-	-	2,039,363
Business services	-	-	-	-	-	-	181,661	181,661	-	-	-	181,661
Grants	-	3,473	-	-	-	-	-	3,473	-	-	-	3,473
Other	-	44,700	-	-	-	-	215	44,915	17,147	31,916	49,063	93,978
Depreciation and amortization	64,963	29,101	4,429	31,307	445	1,565	154,970	286,780	26,558	17,521	44,079	330,859
Subtotal	576,325	1,009,230	28,453	1,433,902	36,036	10,142	772,497	3,866,585	393,983	766,501	1,160,484	5,027,069
Total functional expenses	**$ 2,770,669**	**$ 2,244,987**	**$ 147,948**	**$ 1,986,546**	**$ 203,197**	**$ 55,749**	**$ 2,801,082**	**$ 10,210,178**	**$ 1,746,465**	**$ 1,499,201**	**$ 3,245,666**	**$ 13,455,844**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services								Support Services			
	Mental Health Services	Aging Care & Connections	Volunteer Services	Family Safety Net Services	Boulder JFS	Chaplaincy Services	Disability and Employment Services	Total	General and Administrative	Fundraising	Total	2018
Salaries	$ 1,607,602	$ 990,500	$ 104,662	$ 445,225	$ 129,599	$ 45,409	$ 1,801,280	$ 5,124,277	$ 1,097,752	$ 672,407	$ 1,770,159	$ 6,894,436
Benefits and payroll taxes	361,283	220,351	19,506	100,605	28,444	10,337	443,820	1,184,346	169,725	122,735	292,460	1,476,806
Total salaries and related expenses	1,968,885	1,210,851	124,168	545,830	158,043	55,746	2,245,100	6,308,623	1,267,477	795,142	2,062,619	8,371,242
Occupancy	67,193	30,973	3,780	39,344	14,077	1,901	118,657	275,925	26,369	17,547	43,916	319,841
Professional	275,705	105,743	9,631	43,903	6,153	2,617	124,994	568,746	261,712	191,166	452,878	1,021,624
Equipment	9,418	3,903	2,752	27,724	210	99	33,050	77,156	20,094	30,575	50,669	127,825
Printing and publicity	2,309	4,062	168	4,600	981	430	13,990	26,540	19,296	138,105	157,401	183,941
Postage	1,152	2,018	251	597	330	50	1,239	5,637	1,746	19,815	21,561	27,198
Supplies	17,578	8,225	1,204	8,447	660	264	33,892	70,270	12,195	5,460	17,655	87,925
Business meetings	2,996	1,989	712	720	187	57	7,188	13,849	8,245	8,218	16,463	30,312
Special events	236	1,684	119	-	527	-	1,758	4,324	287	271,386	271,673	275,997
Travel	6,757	23,961	(249)	4,110	2,236	1,207	11,357	49,379	6,940	6,484	13,424	62,803
Dues and subscriptions	5,715	2,799	635	1,536	170	992	11,379	23,226	4,878	3,398	8,276	31,502
Direct assistance	3,253	649,587	-	1,327,566	2,876	-	35,225	2,018,507	-	-	-	2,018,507
Business services	-	-	-	-	-	-	175,513	175,513	-	-	-	175,513
Grants	-	40,859	-	-	-	-	-	40,859	-	-	-	40,859
Other	940	4,167	155	396	658	21	5,128	11,465	2,050	4,254	6,304	17,769
Depreciation and amortization	59,534	21,961	3,523	26,818	279	1,490	157,362	270,967	34,486	15,722	50,208	321,175
Subtotal	452,786	901,931	22,681	1,485,761	29,344	9,128	730,732	3,632,363	398,298	712,130	1,110,428	4,742,791
Total functional expenses	**$ 2,421,671**	**$ 2,112,782**	**$ 146,849**	**$ 2,031,591**	**$ 187,387**	**$ 64,874**	**$ 2,975,832**	**$ 9,940,986**	**$ 1,665,775**	**$ 1,507,272**	**$ 3,173,047**	**$ 13,114,033**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Decrease in net assets	$ (1,334,044)	$ (1,138,851)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	330,859	321,175
Investment return	(499,209)	(831,435)
Change in beneficial interests in assets held by foundations	9,678	(33,806)
Donation of investments	(422,446)	(128,615)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(84,819)	293,946
Contributions receivable	1,091,992	479,771
Prepaid expenses and other assets	(18,365)	7,280
Accounts payable and accrued expenses	32,921	(37,997)
Net cash and cash equivalents used in operating activities	(893,433)	(1,068,532)
Cash Flows from Investing Activities		
Purchase of property and equipment	(294,308)	(190,705)
Purchases of investments	(1,225,434)	(437,360)
Proceeds from sales and maturities of investments	2,564,166	1,086,023
Net cash and cash equivalents provided by investing activities	1,044,424	457,958
Cash Flows from Financing Activities		
Proceeds from line of credit	-	500,000
Payments on line of credit	(500,000)	-
Proceeds from restricted contributions	-	11,314
Net cash and cash equivalents (used in) provided by financing activities	(500,000)	511,314
Net Decrease in Cash and Cash Equivalents	(349,009)	(99,260)
Cash and Cash Equivalents - Beginning of year	980,263	1,079,523
Cash and Cash Equivalents - End of year	**$ 631,254**	**$ 980,263**
Supplemental Cash Flow Information - Cash paid for interest	$ 3,575	$ 3,341

Note 1 - Nature of Business

Founded in 1872, Jewish Family Service of Colorado (JFS) is a nonsectarian, nonprofit human services agency serving metro Denver and Boulder. JFS believes in strengthening the community by providing vital services to vulnerable individuals and families. JFS offers a variety of programs to help those in need navigate life's challenges through integrated support. The full continuum of care includes helping older adults stay supported, connected, and engaged as they age while maintaining a high quality of life; providing quality mental health counseling and case management to children, adults, immigrants, and refugees; offering training, job placement, and community enrichment to people with disabilities; and providing housing stability, employment support, and food security to individuals and families. Every year, the agency serves thousands of individuals and impacts more than 15,000 people of all faiths, races, ages, incomes, and abilities.

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.

JFS provides the following program services:

Mental Health Services

JFS provides quality trauma-informed therapy for more than 600 individuals, couples, and families 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 220 refugees from 50 different countries. KidSuccess and International KidSuccess provide free school-based mental health services to more than 1,300 students annually at 14 public schools in Denver and Aurora.

Aging Care & Connections

Through the Jay and Rose Phillips Senior Solutions Center, JFS helps more than 1,100 older adults live safely and independently in the setting of their choosing by providing care management, counseling, and homemaker services. The Senior Solutions Center 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, JFS at the JCC, and Friendly Visitors. Additionally, JFS provides vital services to 80 vulnerable 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 and Employment Services

JFS supports 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. The JFS Group Home provides residential services for adults with intellectual and developmental disabilities. At our SHALOM Denver site, our Disability and Employment and Colorado Works programs build the workforce of the Denver metro area by providing individual employment support for those with barriers to employment to over 1,035 individuals. JFS advances clients' work experience by providing intensive case management and job readiness services for those eligible for Temporary Assistance to Needy Families (TANF). In addition, JFS coordinates the Jewish Disability Advocates (JDA) program for 25 participants 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.

Note 1 - Nature of Business (Continued)

Family Safety Net Services

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, financial literacy/debt reduction classes, job preparation/employment services, rapid rehousing, and community outreach, 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, which serves more than 1,000 individuals each month with fresh, healthy food options. The LunchBox Express program provides over 21,000 free, healthy lunches to children living in neighborhoods with high rates of poverty to combat childhood hunger throughout the summer each year.

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, and providing pro bono professional services. In 2019, 1,152 volunteers contributed more than 27,399 hours to support JFS programs and services.

Boulder JFS

Boulder JFS helps 109 older adults 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. A group of 17 Boulder older adults participate in Circle Talk, a program designed to increase opportunities for social interactions and decrease feelings of social isolation. Additionally, it fosters vulnerability among participants, creating an environment conducive to developing meaningful relationships. The curriculum is designed to address community stressors, such as social isolation and depression, which increase mortality and decrease chances of recovery from illness for older adults

Chaplaincy Services

JFS' community chaplain provides spiritual comfort to more than 785 Jewish individuals and families with direct spiritual care to those who are ill, in crisis, or near the end of their lives - in hospitals, nursing homes, mental health institutions, correctional facilities, or at home.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

As of July 1, 2018 and applied retrospectively to all years presented, JFS adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by JFS, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated as follows: net assets of $5,181,999 previously reported as temporarily restricted net assets and net assets of $4,144,696 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions. Underwater endowment funds of $48,237 as of June 30, 2018 that were reported as net assets without donor restrictions have been reclassed to net assets with donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the 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, whereby 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 purchased 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; however, management does not believe that it is exposed to any significant risk on cash and cash equivalents, as deposits are with major financial institutions and are monitored closely.

Accounts Receivable

Accounts receivable represent amounts due from the performance of services provided to other organizations and individuals. 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 $46,864 and $24,425 as of June 30, 2019 and 2018, 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 marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value. 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, 2019 and 2018, JFS recorded donated investments valued at approximately $422,000 and $128,000, respectively.

Note 2 - Significant Accounting Policies (Continued)

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.

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, 2019 and 2018.

Donated Services and Assets

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. During the years ended June 30, 2019 and 2018, JFS recorded donated services valued at approximately $113,000 and $76,000, respectively. These donations were primarily related to legal services.

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. During the years ended June 30, 2019 and 2018, JFS recorded donated food and donated household items valued at approximately $749,000 and $874,000, respectively.

Revenue

JFS receives support from various sources, including 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. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Note 2 - Significant Accounting Policies (Continued)

Net program fees consist of fees charged to clients, third-party payors, and others for services rendered. 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.

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 may be potentially 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 required 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 2019 or 2018.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 26, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the consolidated financial statements, JFS' activities have not been significantly impacted; however, JFS continues to monitor the situation. Management has reviewed the fair value of the investment portfolio for indications of significant declines and determined that the potential impact cannot be determined at this time. No impairments were recorded as of the consolidated statement of financial of position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while JFS' activities, functional expenses, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for JFS' year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. JFS plans to apply the standard using the modified retrospective method.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-to-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. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for JFS' year ending June 30, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. JFS is still evaluating which method it will apply. The new lease standard is not expected to have a significant effect on JFS’ financial statements as a result of JFS' operating leases, as disclosed in Note 12, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, JFS will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for JFS’ year ending June 30, 2020 and will be applied on a modified prospective basis. JFS does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

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.

Note 3 - Liquidity and Availability of Resources (Continued)

	2019	2018
Cash and cash equivalents	$ 631,254	$ 980,263
Accounts receivable	1,072,615	987,796
Contributions receivable	1,561,362	2,653,354
Investments	7,740,552	8,157,629
Beneficial interests in assets held by foundations	863,924	873,602
Financial assets - At year end	11,869,707	13,652,644
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	3,028,925	4,353,711
Subject to appropriation and satisfaction of donor restrictions	4,302,658	4,277,545
Financial assets available to meet cash needs for general expenditures within one year	$ 4,538,124	$ 5,021,388

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 $500,000 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 between 0.71 and 2.6 percent.

Unconditional promises to give at June 30, 2019 and 2018 are as follows:

	2019	2018
Gross promises to give before unamortized discount	$ 1,574,015	$ 2,670,508
Less net present value discount	(12,653)	(17,154)
Net contributions receivable	$ 1,561,362	$ 2,653,354
Amounts due in:		
Less than one year	$ 862,015	$ 1,432,612
One to five years	612,000	937,896
More than five years	100,000	300,000
Total	$ 1,574,015	$ 2,670,508

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.

Note 5 - Fair Value Measurements (Continued)

The following tables present information about JFS’ assets measured at fair value on a recurring basis at June 30, 2019 and 2018 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 whereby 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.

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 value 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 is, therefore, classified under Level 3 in the fair value hierarchy.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Mutual funds:				
Domestic equity	$ 3,081,683	$ -	$ -	$ 3,081,683
International equity	1,680,383	-	-	1,680,383
Bonds	1,542,164	-	-	1,542,164
Alternative	1,026,970	-	-	1,026,970
Exchange-traded funds	343,905	-	-	343,905
Commodities	65,447	-	-	65,447
Total mutual funds	7,740,552	-	-	7,740,552
Beneficial interests in assets held by foundations	-	-	863,924	863,924
Total assets	$ 7,740,552	$ -	$ 863,924	$ 8,604,476

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Mutual funds:				
Domestic equity	$ 2,465,205	$ -	$ -	$ 2,465,205
International equity	2,314,288	-	-	2,314,288
Bonds	1,477,185	-	-	1,477,185
Alternative	1,278,249	-	-	1,278,249
Exchange-traded funds	549,479	-	-	549,479
Commodities	73,223	-	-	73,223
Total mutual funds	8,157,629	-	-	8,157,629
Beneficial interests in assets held by foundations	-	-	873,602	873,602
Total assets	$ 8,157,629	$ -	$ 873,602	$ 9,031,231

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	$ 873,602	$ 858,088
Reinvested investment income	31,163	55,414
Distributions	(40,841)	(39,900)
Ending balance	$ 863,924	$ 873,602

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. During the years ended June 30, 2019 and 2018, JFS received distributions of approximately $41,000 and $40,000, respectively, from the Funds. Distributions from the Funds are reported as net assets released from restrictions.

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 $863,924 and $873,602 at June 30, 2019 and 2018, 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.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Land	$ 624,000	$ 624,000
Buildings	2,713,343	2,702,553
Machinery and equipment	144,248	133,254
Office equipment	141,295	141,295
Transportation equipment	402,551	272,998
Furniture and fixtures	245,831	245,831
Computer equipment and software	541,050	440,526
Leasehold improvements	2,201,574	2,159,128
Total cost	7,013,892	6,719,585
Accumulated depreciation	3,804,204	3,473,346
Net property and equipment	$ 3,209,688	$ 3,246,239

Depreciation and amortization expense for property and equipment totaled $330,859 and $321,175 for the years ended June 30, 2019 and 2018, respectively.

Note 8 - Line of Credit

JFS has a $500,000 line of credit agreement with a bank, which accrues interest at the bank's prime rate (5.5 and 4.75 percent at June 30, 2019 and 2018, respectively) and expires in June 2020. The line of credit is unsecured and subject to certain operating and financial covenants. As of June 30, 2019 and 2018, $0 and $500,000, respectively, was outstanding on the line of credit.

Note 9 - Net Assets

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

	2019	2018
Board-designated net assets:		
Operating reserve	$ 539,689	$ 478,287
Plant and equipment	4,151,622	4,045,615
Specific programs	671,081	633,613
Campaign and other	791,305	1,143,145
Total board designated net assets	$ 6,153,697	$ 6,300,660

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

Note 9 - Net Assets (Continued)

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

	2019	2018
Program-specific activities	$ 808,031	$ 695,439
Contributions receivable - Time and purpose restricted	1,500,058	2,653,354
Program-specific activities to be spent in specific years	1,528,867	1,700,357
Endowment:		
Accumulated earnings	157,652	132,849
Amounts to be held in perpetuity	4,145,006	4,144,696
Total endowment	4,302,658	4,277,545
Total	$ 8,139,614	$ 9,326,695

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

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

	Endowment Net Asset Composition by Type of Fund as of June 30, 2019
	With Donor Restrictions
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ 4,145,006
Accumulated investment gains	157,652
Total	$ 4,302,658

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019
	With Donor Restrictions
Endowment net assets - Beginning of year	$ 4,277,545
Investment return	229,198
Contributions	310
Appropriation of endowment assets for expenditure	(204,395)
Endowment net assets - End of year	$ 4,302,658

	Endowment Net Asset Composition by Type of Fund as of June 30, 2018
	With Donor Restrictions
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ 4,144,696
Accumulated investment gains	132,849
Total	$ 4,277,545

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018
	With Donor Restrictions
Endowment net assets - Beginning of year	$ 4,221,238
Investment return	142,125
Contributions	11,314
Appropriation of endowment assets for expenditure	(135,253)
Transfers	38,121
Endowment net assets - End of year	$ 4,277,545

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. 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, 2019 and 2018, the corpus of the underwater funds was $1,611,481 and $1,611,171, respectively, with market values of $1,540,741 and $1,562,934, respectively, resulting in deficiencies of $70,740 and $48,237, 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 five 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.

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 five percent.

A spending percentage that exceeds five 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.

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 2019 and 2018. Contributions to the plan totaled $169,400 and $207,200 for the years ended June 30, 2019 and 2018.

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 $78 per month to the HSA for each full-time employee enrolled in the HSA plan (prorated for part-time employees). JFS contributed approximately $69,100 and $84,300 to the HSA for the years ended June 30, 2019 and 2018.

Assets Held Under Deferred Compensation Plan

JFS has deferred compensation agreements with key former employees under Sections 457(b) and 457(f) of the Internal Revenue Code. JFS has designated certain investments as held to fund its obligation under the agreements. JFS made no contributions to the deferred compensation plan during the years ended June 30, 2019 and 2018. At June 30, 2019 and 2018, the deferred compensation liability is included in accounts payable and accrued expenses and equals the fair value of the investments held.

Note 12 - Commitments

JFS is obligated under operating leases for certain equipment and facility space, expiring at various dates through 2024. The terms of the lease agreements require monthly lease payments, and JFS is obligated for common area maintenance expenses under the facility leases. Total rent expense under these leases was approximately $66,000 and $70,400 for the years ended June 30, 2019 and 2018, respectively.

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

Years Ending June 30	Amount
2020	$ 38,983
2021	17,881
2022	3,344
2023	3,150
2024	2,625
Total	$ 65,983

JFS has elected the reimbursement method with respect to Colorado unemployment insurance (UI) taxes. Accordingly, JFS does not pay UI tax, but it is required to reimburse the State of Colorado for any unemployment benefits paid on its behalf. The required bond has been provided in the amount of approximately $146,100 for the period through February 28, 2021.