
Jewish Family Service of Colorado, Inc.

Consolidated Financial Report
June 30, 2022

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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, 2022 and 2021 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, 2022 and 2021 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.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, as of July 1, 2021, JFS adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

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.

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

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.

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 November 15, 2022 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

November 15, 2022

Jewish Family Service of Colorado, Inc.

Consolidated Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 637,100	\$ 1,048,248
Investments	7,294,783	5,713,997
Receivables - Net of allowances:		
Trade accounts receivable	1,155,414	824,120
Contributions receivable	612,225	163,000
Assets held under deferred compensation plan	-	241,624
Beneficial interests in assets held by foundations	814,435	978,302
Prepaid expenses and other current assets	291,212	168,656
Total current assets	10,805,169	9,137,947
Investments - Endowment	4,348,391	5,332,149
Contribution Receivable - Net of current portion and discount	674,780	291,803
Property and Equipment - Net	2,548,522	2,406,571
Assets Held For Sale - Net	-	701,280
Total assets	\$ 18,376,862	\$ 17,869,750
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 298,032	\$ 215,031
Accrued liabilities and other	991,631	1,126,230
Refundable advances	1,318,347	185,731
Total liabilities	2,608,010	1,526,992
Net Assets		
Without donor restrictions - Board designated	9,623,218	8,294,626
With donor restrictions	6,145,634	8,048,132
Total net assets	15,768,852	16,342,758
Total liabilities and net assets	\$ 18,376,862	\$ 17,869,750

Jewish Family Service of Colorado, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ 5,384,691	\$ 1,013,103	\$ 6,397,794	\$ 3,930,033	\$ 874,364	\$ 4,804,397
Contributions in kind	884,231	-	884,231	743,853	-	743,853
Foundation grants	1,650,913	1,905,150	3,556,063	1,454,221	990,575	2,444,796
Federal grants and program fees	6,640,751	-	6,640,751	2,850,817	-	2,850,817
Program service fees - Net	1,830,172	-	1,830,172	1,797,742	-	1,797,742
Contract sales	298,209	-	298,209	253,227	-	253,227
Interest income	124,240	53,730	177,970	107,735	108,699	216,434
Net realized and unrealized (losses) gains on investments	(1,235,435)	(813,133)	(2,048,568)	1,089,189	1,091,969	2,181,158
Net gains on sale of property and equipment	2,003,530	-	2,003,530	355,788	-	355,788
Other revenue (Note 9)	11,644	-	11,644	1,618,443	-	1,618,443
Net assets released from restrictions	4,061,348	(4,061,348)	-	2,387,177	(2,387,177)	-
Total revenue, gains, and other support	21,654,294	(1,902,498)	19,751,796	16,588,225	678,430	17,266,655
Expenses						
Program services:						
Mental Health Services	2,657,486	-	2,657,486	2,350,576	-	2,350,576
Aging Care & Connections	2,292,350	-	2,292,350	2,412,461	-	2,412,461
Community Resources for Stability	5,969,778	-	5,969,778	3,360,283	-	3,360,283
JFS Boulder	957,798	-	957,798	388,439	-	388,439
Volunteer and Chaplaincy Services	196,823	-	196,823	204,876	-	204,876
Disability Services	1,094,027	-	1,094,027	1,465,589	-	1,465,589
Temporary Assistance for Needy Families	-	-	-	428,869	-	428,869
Resettlement services	514,573	-	514,573	-	-	-
Employment services	1,365,539	-	1,365,539	-	-	-
Total program services	15,048,374	-	15,048,374	10,611,093	-	10,611,093
Support services:						
General and administrative	2,932,169	-	2,932,169	2,472,791	-	2,472,791
Fundraising and marketing	2,345,159	-	2,345,159	1,298,011	-	1,298,011
Total support services	5,277,328	-	5,277,328	3,770,802	-	3,770,802
Total expenses	20,325,702	-	20,325,702	14,381,895	-	14,381,895
Change in Net Assets	1,328,592	(1,902,498)	(573,906)	2,206,330	678,430	2,884,760
Net Assets - Beginning of year	8,294,626	8,048,132	16,342,758	6,088,296	7,369,702	13,457,998
Net Assets - End of year	\$ 9,623,218	\$ 6,145,634	\$ 15,768,852	\$ 8,294,626	\$ 8,048,132	\$ 16,342,758

See notes to consolidated financial statements.

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
Total salaries and related expenses	2,317,848	1,067,793	755,912	1,222,963	285,354	166,436	1,185,917	158,366	7,160,589	2,139,408	937,391	3,076,799	10,237,388
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
Subtotal	339,638	1,224,557	338,115	4,746,815	672,444	30,387	179,622	356,207	7,887,785	792,761	1,407,768	2,200,529	10,088,314
Total functional expenses	<u>\$ 2,657,486</u>	<u>\$ 2,292,350</u>	<u>\$ 1,094,027</u>	<u>\$ 5,969,778</u>	<u>\$ 957,798</u>	<u>\$ 196,823</u>	<u>\$ 1,365,539</u>	<u>\$ 514,573</u>	<u>\$15,048,374</u>	<u>\$ 2,932,169</u>	<u>\$ 2,345,159</u>	<u>\$ 5,277,328</u>	<u>\$20,325,702</u>

Jewish Family Service of Colorado, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services							Support Services				
	Mental Health Services	Aging Care & Connections	Community Resources for Stability	JFS Boulder	Volunteer and Chaplaincy Services	Disability and Employment Services	Temporary Assistance for Needy Families	Total	General and Administrative	Fundraising and Marketing	Total	Total
Salaries	\$ 1,630,582	\$ 853,160	\$ 680,583	\$ 183,097	\$ 152,507	\$ 747,203	\$ 336,815	\$ 4,583,947	\$ 1,774,673	\$ 656,342	\$ 2,431,015	\$ 7,014,962
Benefits and payroll taxes	335,098	195,179	143,653	34,962	26,268	173,026	73,021	981,207	306,378	122,724	429,102	1,410,309
Total salaries and related expenses	1,965,680	1,048,339	824,236	218,059	178,775	920,229	409,836	5,565,154	2,081,051	779,066	2,860,117	8,425,271
Occupancy	151,535	77,261	95,467	21,882	10,086	98,633	10,271	465,135	48,355	76,277	124,632	589,767
Professional	135,101	54,343	37,355	9,515	9,248	79,533	7,140	332,235	230,551	148,057	378,608	710,843
Printing and publicity	1,537	39	1,504	443	3,339	363	-	7,225	542	115,547	116,089	123,314
Postage	673	1,362	878	60	-	203	439	3,615	2,332	20,087	22,419	26,034
Supplies	6,567	1,944	31,451	1,009	158	11,485	786	53,400	16,274	1,901	18,175	71,575
Business meetings	150	240	1,884	130	22	299	-	2,725	8,714	1,152	9,866	12,591
Special events	-	-	-	-	-	-	-	-	447	129,730	130,177	130,177
Travel	92	16,740	968	166	137	1,180	73	19,356	1,935	210	2,145	21,501
Dues and subscriptions	2,456	10	2,174	-	712	2,499	-	7,851	16,021	1,121	17,142	24,993
Direct assistance	3,220	1,178,148	2,329,061	137,157	-	5,255	-	3,652,841	18,550	-	18,550	3,671,391
Business services	-	-	-	-	-	197,596	-	197,596	-	-	-	197,596
Other	5,649	265	50	-	49	28,856	28	34,897	16,535	3,860	20,395	55,292
Depreciation and amortization	77,916	33,770	35,255	18	2,350	119,458	296	269,063	31,484	21,003	52,487	321,550
Subtotal	384,896	1,364,122	2,536,047	170,380	26,101	545,360	19,033	5,045,939	391,740	518,945	910,685	5,956,624
Total functional expenses	\$ 2,350,576	\$ 2,412,461	\$ 3,360,283	\$ 388,439	\$ 204,876	\$ 1,465,589	\$ 428,869	\$ 10,611,093	\$ 2,472,791	\$ 1,298,011	\$ 3,770,802	\$ 14,381,895

Jewish Family Service of Colorado, Inc.

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (573,906)	\$ 2,884,760
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	241,056	321,550
Investment return	1,662,158	(2,278,598)
Change in beneficial interests in assets held by foundations	163,867	(135,417)
Donation of investments	(863,846)	(219,000)
Contributions received for endowment	(1,726)	(250,000)
Donation of property and equipment	-	(307,123)
Gain on sale of property and equipment	(2,003,530)	(355,788)
Gain on forgiveness of PPP loan	-	(1,609,800)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(331,294)	(196,231)
Contributions receivable	(832,202)	629,684
Prepaid expenses and other assets	(122,556)	165,942
Accounts payable and accrued expenses	190,026	6,909
Refundable advances	1,132,616	(279,484)
Net cash and cash equivalents used in operating activities	(1,339,337)	(1,622,596)
Cash Flows from Investing Activities		
Purchases of investments	(4,347,658)	(1,132,565)
Proceeds from sales and maturities of investments	2,952,318	482,922
Purchase of property and equipment	(426,550)	(273,381)
Proceeds from sale of property and equipment	2,748,353	503,401
Net cash and cash equivalents provided by (used in) investing activities	926,463	(419,623)
Cash Flows Provided by Financing Activities - Proceeds from contributions restricted for endowments	1,726	250,000
Net Decrease in Cash and Cash Equivalents	(411,148)	(1,792,219)
Cash and Cash Equivalents - Beginning of year	1,048,248	2,840,467
Cash and Cash Equivalents - End of year	<u>\$ 637,100</u>	<u>\$ 1,048,248</u>

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Business

Founded in 1872, Jewish Family Service of Colorado, Inc. (JFS) is a nondenominational, nonprofit human services agency serving Colorado. 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. JFS continuously evaluates the evolving challenges of the community and adapts or develops programs that respond to the resulting needs. Every year, JFS serves thousands of individuals and in fiscal year 2022 impacted 36,000 people of all faiths, races, sexual orientation, 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. Shalom LLC was dissolved during the year ended June 30, 2022 due to the sale of the building held by the entity.

Highlights of our COVID-19 Response

When the pandemic struck in 2020, JFS responded to the crisis by making emergency adjustments to its services, striving to provide critical care while also adhering to public health orders and guidelines to prevent the spread of COVID-19. These modified and adjusted services continued in fiscal year 2022.

At the beginning of fiscal year 2022, the Harry and Jeanette Weinberg Food Pantry continued providing prepacked boxes of food through a drive-thru model to anyone experiencing food insecurity with no documentation or sign-up needed. During the year, however, JFS shifted back to its in-person, client-choice shopping model in JFS' retrofitted parking garage, allowing clients to select the foods they receive. JFS enlarged the shopping area with several stations to accommodate multiple clients while adhering to safe physical-distancing practices. When it is their turn, clients enter the pantry and visit stations to select diapers, baby food, and toiletries; canned and other nonperishable food items; fresh fruits and vegetables; breads; and dairy products, proteins, and eggs. JFS provided over 500,000 pounds of food to 23,000 households composed of 71,000 individuals.

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 815 households served in fiscal year 2022.

Mental health counseling and services use HIPAA-approved teletherapy for clients, including school-based youths JFS normally serves through the KidSuccess program, and adults, refugees, and immigrants who come to JFS' Denver location.

Aging Care & Connections provides counseling services for older adults through a virtual telehealth model to ensure older adults have access to quality mental health care. This has become a critical need for many older adults who are experiencing heightened stress, anxiety, and depression related to COVID-19 and increased social isolation. Counseling services are also offered in person as needed.

JFS Boulder continues to process emergency housing assistance claims for individuals and families whose incomes have been directly impacted by COVID-19 and the Boulder County wildfires, provided gift cards and laptops to those affected, and continues to oversee mental health counseling services to those impacted by the Marshall fire.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Business (Continued)

Mental Health Counseling and Services

JFS provides quality trauma-informed therapy for more than 1,075 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 194 refugees from 10 different countries. KidSuccess and International KidSuccess provide free school-based mental health services to students at 14 public schools and 1 private school in Denver.

Aging Care & Connections

The Jay and Rose Phillips Aging Care & Connections department helps more than 1,010 older adults live safely and independently in the setting of their choosing by providing 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 Jewish Community Center (JCC), and Friendly Visitors. Additionally, JFS provides vital services to 87 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 69 people with disabilities and 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 metropolitan area by providing individual and group employment support for those with barriers to employment. The ACE: Arts and Community Exploration 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 intellectual and developmental disabilities with neurotypical buddies. The program has offered buddies a chance to participate in many programs and activities.

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 over 500,000 pounds of food to 23,000 households composed of 71,000 individuals during fiscal year 2022. Moreover, JFS delivered essential food and supplies to homebound older adults each week and provided 31,000 meals in fiscal year 2022. The Lunchbox Express program provided over 14,497 free, healthy lunches to children living in neighborhoods with high rates of poverty to combat childhood hunger.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Business (Continued)

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 and a two-generation approach to remediating systemic and generational poverty. JFS' 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 work gain employment stability and economic mobility in 21st century Colorado jobs earning a living wage. JFS provides employment services to job seekers, including job application and résumé assistance, workshops, and individualized job assistance. JFS partners with Denver metropolitan 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 220 clients in fiscal year 2022.

Refugee Resettlement

In calendar year 2022, as a temporary resettlement agency, JFS successfully resettled 58 Afghan refugees and supervised 13 refugees affiliated with HIAS Sponsorship Circle Denver sites.

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.

Volunteers and Chaplaincy Services

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; and providing pro bono professional services. In fiscal year 2022, over 10,500 hours of volunteer time supported JFS programs and services.

JFS' community chaplain provides spiritual comfort to 870 Jewish individuals and families with 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.

JFS Boulder

JFS Boulder helped 1,515 individuals 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.

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.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

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; 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 \$8,029 and \$9,233 as of June 30, 2022 and 2021, 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. 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, 2022 and 2021, JFS recorded donated investments valued at approximately \$864,000 and \$219,000, 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.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

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, 2022 and 2021.

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. These grant funds are conditional based on future expenditures and activities occurring. As of June 30, 2022, conditional grant contributions outstanding totaled approximately \$328,000 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, including the amount related to conditional grant contributions outstanding discussed above, as well as other items. As conditions on these contributions are met, the liability will be reduced and contribution revenue will be recognized.

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.

Other volunteer services are not reflected in the financial statements because the services are not recordable 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 14.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). The ASU requires that contributed nonfinancial assets are reported by category within the financial statements and additional disclosures for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. JFS adopted the ASU using the retrospective method as of July 1, 2021.

As a result of the adoption, contributions in kind in the amount of \$884,231 and \$743,853 as of June 30, 2022 and 2021, respectively, were reclassified to be presented separately from other contributions on the accompanying consolidated statement of activities and changes in net assets and additional disclosures have been added to Note 14.

Revenue Recognition

JFS' revenue from contracts with customers comprises program service fees for counseling and disability services, which are recognized 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 \$1,830,172 and \$1,797,742 as of June 30, 2022 and 2021, respectively. Accounts receivable from contracts with customers totaled approximately \$215,000, \$226,000, and \$230,000 as of June 30, 2022, 2021, and 2020, respectively. There were no contract liabilities related to contracts with customers for the years ended June 30, 2022, 2021, and 2020.

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.

For the year ended June 30, 2022, the activities previously reported in the TANF program are now included within the employment services program. The activities reported in the disability services and employment services programs have previously been reported as one combined activity.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

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 2022 or 2021.

Upcoming Accounting Pronouncement

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, 2023 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. 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 13, 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.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 15, 2022, which is the date the consolidated financial statements were available to be issued.

Reclassification

Certain 2021 amounts have been reclassified to conform to the 2022 presentation.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 637,100	\$ 1,048,248
Trade accounts receivable	1,155,414	824,120
Contributions receivable	612,225	163,000
Investments	11,643,174	11,046,146
Beneficial interests in assets held by foundations	<u>814,435</u>	<u>978,302</u>
Financial assets - At year end	14,862,348	14,059,816
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	6,145,634	4,611,825
Board designations - Assets not available for general use	<u>6,800,118</u>	<u>6,845,458</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,916,596</u>	<u>\$ 2,602,533</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 \$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 of 2.6 percent.

Unconditional promises to give at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Gross promises to give before unamortized discount	\$ 1,292,225	\$ 463,000
Less net present value discount	<u>(5,220)</u>	<u>(8,197)</u>
Net contributions receivable	<u>\$ 1,287,005</u>	<u>\$ 454,803</u>
Amounts due in:		
Less than one year	\$ 612,225	\$ 163,000
One to five years	<u>680,000</u>	<u>300,000</u>
Total	<u>\$ 1,292,225</u>	<u>\$ 463,000</u>

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021 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, 2022 and 2021

Note 5 - Fair Value Measurements (Continued)

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2022</u>			
	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, 2022
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 markets funds	1,197,411	-	-	1,197,411
Other	-	-	512,346	512,346
Beneficial interests in assets held by foundation	-	-	814,435	814,435
Total assets	<u>\$ 11,130,828</u>	<u>\$ -</u>	<u>\$ 1,326,781</u>	<u>\$ 12,457,609</u>

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2021</u>			
	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, 2021
Mutual funds:				
Domestic equity	\$ 4,941,767	\$ -	\$ -	\$ 4,941,767
International equity	2,677,228	-	-	2,677,228
Bonds	1,544,249	-	-	1,544,249
Other	557,919	-	-	557,919
Commodities	80,946	-	-	80,946
Total mutual funds	9,802,109	-	-	9,802,109
Money market funds	1,244,037	-	-	1,244,037
Beneficial interests in assets held by foundations	-	-	978,302	978,302
Total assets	<u>\$ 11,046,146</u>	<u>\$ -</u>	<u>\$ 978,302</u>	<u>\$ 12,024,448</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. During each of the years ended June 30, 2022 and 2021, JFS received distributions of approximately \$31,000 and \$43,000, respectively, from the Funds.

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 \$814,435 and \$978,302 at June 30, 2022 and 2021, 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, 2022 and 2021

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Land	\$ 540,000	\$ 540,000
Buildings	1,166,117	1,590,456
Machinery and equipment	207,867	260,909
Transportation equipment	346,130	387,036
Furniture and fixtures	210,787	216,150
Computer equipment and software	199,344	355,792
Leasehold improvements	2,183,407	1,603,117
Total cost	4,853,652	4,953,460
Accumulated depreciation	2,305,130	2,546,889
Net property and equipment	<u>\$ 2,548,522</u>	<u>\$ 2,406,571</u>

Depreciation and amortization expense for property and equipment totaled \$241,056 and \$321,550 for the years ended June 30, 2022 and 2021, 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 (3.25 percent for both years June 30, 2022 and 2021) and expires in December 2022. The line of credit is unsecured and subject to certain operating and financial covenants. There were no amounts outstanding on the line of credit as of June 30, 2022 and 2021.

Note 9 - Paycheck Protection Program Loan

During the year ended June 30, 2020, JFS received a Paycheck Protection Program (PPP) loan in the amount of \$1,609,800. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and staffing level and salary maintenance requirements are met. Prior to June 30, 2021, JFS applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of \$1,609,800 has been recorded as of June 30, 2021 in other revenue on the consolidated statement of activities and changes in net assets.

Note 10 - Net Assets

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

	2022	2021
Board-designated net assets:		
Operating and general reserves	\$ 2,823,100	\$ 1,449,168
Plant and equipment	3,095,278	4,354,909
Specific programs	707,264	1,210,644
Campaign and other	2,997,576	1,279,905
Total board-designated net assets	<u>\$ 9,623,218</u>	<u>\$ 8,294,626</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, 2022 and 2021

Note 10 - Net Assets (Continued)

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

	<u>2022</u>	<u>2021</u>
Program-specific activities	\$ 1,495,440	\$ 2,261,180
Contributions receivable - Time and purpose restricted	301,803	454,803
Endowment:		
Accumulated earnings	61,971	1,020,324
Amounts to be held in perpetuity	<u>4,286,420</u>	<u>4,311,825</u>
Total endowment	<u>4,348,391</u>	<u>5,332,149</u>
Total	<u>\$ 6,145,634</u>	<u>\$ 8,048,132</u>

Note 11 - 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, 2022 and 2021

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022 <u>With Donor Restrictions</u>
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	<u>\$ 4,348,391</u>
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022 <u>With Donor Restrictions</u>
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	<u>\$ 4,348,391</u>
	Endowment Net Asset Composition by Type of Fund as of June 30, 2021 <u>With Donor Restrictions</u>
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 4,311,825
Accumulated investment gains	1,020,324
Total	<u>\$ 5,332,149</u>
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021 <u>With Donor Restrictions</u>
Endowment net assets - Beginning of year	\$ 4,103,209
Investment return	1,131,268
Contributions	250,000
Appropriation of endowment assets for expenditure	(152,328)
Endowment net assets - End of year	<u>\$ 5,332,149</u>

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - 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 six and two donor-restricted endowment funds as of June 30, 2022 and 2021, 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, 2022 and 2021, the corpus of the underwater funds was \$1,869,647 and \$23,671, respectively, with market values of \$1,711,513 and \$17,157, respectively, resulting in deficiencies of \$158,134 and \$6,514, 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.

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.

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.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 12 - 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 2022 and 2021. Contributions to the plan totaled \$188,814 and \$172,794 for the years ended June 30, 2022 and 2021, 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 \$24,101 and \$23,417 to the HSA for the years ended June 30, 2022 and 2021, respectively.

Assets Held Under Deferred Compensation Plan

JFS had deferred compensation agreements with key former employees under Sections 457(b) and 457(f) of the Internal Revenue Code. JFS had 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, 2022 and 2021. At June 30, 2021, the deferred compensation liability is included in accounts payable and accrued expenses and equals the fair value of the investments held. The liability and investments have been written off during the year ended June 30, 2022, with the final distribution under the agreements and the closer of the plan.

Note 13 - Commitments

JFS is obligated under operating leases for certain equipment and facility space, expiring at various dates through 2026. 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 \$64,000 and \$65,000 for the years ended June 30, 2022 and 2021, respectively.

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

Years Ending June 30	Amount
2023	\$ 43,614
2024	33,862
2025	29,331
2026	27,719
2027	12,600
Total	<u>\$ 147,126</u>

Note 14 - Contributed Nonfinancial Assets

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

	<u>2022</u>	<u>2021</u>
Donated food and goods	\$ 817,240	\$ 679,108
Donated legal services	66,991	64,745
Total	<u>\$ 884,231</u>	<u>\$ 743,853</u>

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 14 - Contributed Nonfinancial Assets (Continued)

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. The 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.