



***JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY***

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2022 and 2021**



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Jewish Family Service of the Lehigh Valley  
Allentown, Pennsylvania**

### **Opinion**

We have audited the accompanying financial statements of Jewish Family Service of the Lehigh Valley (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of the Lehigh Valley 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Family Service of the Lehigh Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 an audit conducted in accordance with generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jewish Family Service of the Lehigh Valley's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family Service of the Lehigh Valley's 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**January 24, 2023**

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENTS OF FINANCIAL POSITION**

June 30

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 248,939	\$ 374,779
Accounts receivable	27,393	502,601
Prepaid expenses	16,053	7,024
Other assets	420	1,010
	292,805	885,414
<b>TOTAL CURRENT ASSETS</b>		
<b>INVESTMENTS</b>	5,003,398	5,186,155
<b>LAND, BUILDING, AND EQUIPMENT</b>		
Land	15,113	15,113
Building and improvements	478,323	478,323
Furniture and fixtures	44,739	40,214
	538,175	533,650
Less: accumulated depreciation	(368,757)	(355,510)
<b>NET LAND, BUILDING, AND EQUIPMENT</b>	169,418	178,140
	<b>TOTAL ASSETS</b>	<b>\$ 6,249,709</b>
	<b>\$ 5,465,621</b>	<b>\$ 6,249,709</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,875	\$ -
Accrued expenses	69,930	64,715
	76,805	64,715
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated	5,124,150	5,245,011
Undesignated	115,225	808,013
Total without donor restrictions	5,239,375	6,053,024
With donor restrictions:		
Time or purpose	99,441	81,970
Perpetuity	50,000	50,000
Total with donor restrictions	149,441	131,970
<b>TOTAL NET ASSETS</b>	5,388,816	6,184,994
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,465,621</b>	<b>\$ 6,249,709</b>
	<b>\$ 5,465,621</b>	<b>\$ 6,249,709</b>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>						
Contributions	\$ 454,297	\$ 42,500	\$ 496,797	\$ 464,450	\$ -	464,450
Legacies and bequests	-	-	-	1,051,619	-	1,051,619
Jewish Federation of the Lehigh Valley grants	113,500	8,333	121,833	137,516	-	137,516
In-kind donations	145,784	-	145,784	119,634	-	119,634
Special events, net of expenses (2022 - \$10,661 and 2021 - \$12,481)	75,843	-	75,843	72,875	-	72,875
Casework and service fees	4,150	-	4,150	1,900	-	1,900
Third-party fees	45,137	-	45,137	41,873	-	41,873
Miscellaneous	1,778	-	1,778	1,720	-	1,720
Paycheck Protection Program loan forgiveness	-	-	-	73,340	-	73,340
Restrictions satisfied	29,241	(29,241)	-	12,922	(12,922)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>869,730</b>	<b>21,592</b>	<b>891,322</b>	<b>1,977,849</b>	<b>(12,922)</b>	<b>1,964,927</b>
<b>EXPENSES</b>						
Program services	798,760	-	798,760	740,560	-	740,560
Supporting services:						
General and administrative	153,693	-	153,693	109,422	-	109,422
Fundraising	26,419	-	26,419	29,438	-	29,438
Total supporting services	<u>180,112</u>	<u>-</u>	<u>180,112</u>	<u>138,860</u>	<u>-</u>	<u>138,860</u>
<b>TOTAL EXPENSES</b>	<b>978,872</b>	<b>-</b>	<b>978,872</b>	<b>879,420</b>	<b>-</b>	<b>879,420</b>
<b>NONOPERATING INVESTMENT RETURN, NET</b>	<u>(704,507)</u>	<u>(4,121)</u>	<u>(708,628)</u>	<u>1,115,984</u>	<u>7,483</u>	<u>1,123,467</u>
<b>CHANGE IN NET ASSETS</b>	<b>(813,649)</b>	<b>17,471</b>	<b>(796,178)</b>	<b>2,214,413</b>	<b>(5,439)</b>	<b>2,208,974</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,053,024</u>	<u>131,970</u>	<u>6,184,994</u>	<u>3,838,611</u>	<u>137,409</u>	<u>3,976,020</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 5,239,375</u></u>	<u><u>\$ 149,441</u></u>	<u><u>\$ 5,388,816</u></u>	<u><u>\$ 6,053,024</u></u>	<u><u>\$ 131,970</u></u>	<u><u>\$ 6,184,994</u></u>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

	Program Services				Total Program Services	Supporting Services		
	Direct Assistance	Volunteer	Mental Health Services	Development		General and Administrative	Fundraising	Total
Salaries	\$ 153,755	\$ 54,775	\$ 61,426	\$ 72,626	\$ 342,582	\$ 96,708	\$ 10,083	\$ 449,373
Employee benefits	5,262	1,875	2,102	2,485	11,724	3,310	345	15,379
Payroll taxes	15,110	5,383	6,036	7,137	33,666	9,503	991	44,160
<b>Total salaries and related expenses</b>	<b>174,127</b>	<b>62,033</b>	<b>69,564</b>	<b>82,248</b>	<b>387,972</b>	<b>109,521</b>	<b>11,419</b>	<b>508,912</b>
Office expenses	27,312	9,730	10,911	12,900	60,853	18,969	-	79,822
Printing service	675	240	270	319	1,504	469	-	1,973
Staff recruitment	75	27	30	36	168	52	-	220
Professional fees	6,687	2,382	2,671	3,158	14,898	4,644	-	19,542
Occupancy expenses	8,832	3,146	3,528	4,172	19,678	6,134	-	25,812
Public relations	6,673	2,377	2,666	3,152	14,868	4,635	15,000	34,503
Staff transportation	610	217	244	288	1,359	423	-	1,782
Dues and fees	1,484	529	593	701	3,307	1,031	-	4,338
Conferences and training	407	145	163	192	907	283	-	1,190
Family and community services	263,028	-	1,506	4,545	269,079	-	-	269,079
Insurance	4,396	1,566	1,756	2,077	9,795	3,053	-	12,848
Repairs and maintenance	1,714	610	685	809	3,818	1,190	-	5,008
Miscellaneous	205	73	81	96	455	141	-	596
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>496,225</b>	<b>83,075</b>	<b>94,668</b>	<b>114,693</b>	<b>788,661</b>	<b>150,545</b>	<b>26,419</b>	<b>965,625</b>
Depreciation	4,532	1,615	1,811	2,141	10,099	3,148	-	13,247
<b>TOTAL EXPENSES</b>	<b>\$ 500,757</b>	<b>\$ 84,690</b>	<b>\$ 96,479</b>	<b>\$ 116,834</b>	<b>\$ 798,760</b>	<b>\$ 153,693</b>	<b>\$ 26,419</b>	<b>\$ 978,872</b>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2021**

	Program Services				Total Program Services	Supporting Services		
	Direct Assistance	Volunteer	Mental Health Services	Development		General and Administrative	Fundraising	Total
Salaries	\$ 76,047	\$ 42,956	\$ 166,794	\$ 27,627	\$ 313,424	\$ 70,173	\$ 12,794	\$ 396,391
Employee benefits	2,802	1,583	6,146	1,018	11,549	2,392	665	14,606
Payroll taxes	6,515	3,680	14,290	2,367	26,852	6,129	979	33,960
<b>Total salaries and related expenses</b>	<b>85,364</b>	<b>48,219</b>	<b>187,230</b>	<b>31,012</b>	<b>351,825</b>	<b>78,694</b>	<b>14,438</b>	<b>444,957</b>
Office expenses	6,720	3,796	14,739	2,441	27,696	7,331	-	35,027
Printing service	670	379	1,470	243	2,762	731	-	3,493
Professional fees	4,422	2,498	9,698	1,606	18,224	4,824	-	23,048
Occupancy expenses	2,301	1,300	5,047	836	9,484	2,510	-	11,994
Public relations	2,635	1,488	5,779	957	10,859	2,874	15,000	28,733
Staff transportation	277	157	608	101	1,143	303	-	1,446
Dues and fees	636	359	1,394	231	2,620	693	-	3,313
Conferences and training	299	169	656	109	1,233	326	-	1,559
Family and community services	269,259	-	966	2,430	272,655	-	-	272,655
Insurance	2,511	1,419	5,508	912	10,350	2,740	-	13,090
Repairs and maintenance	3,769	2,129	8,267	1,369	15,534	4,112	-	19,646
Miscellaneous	249	140	545	90	1,024	273	-	1,297
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>379,112</b>	<b>62,053</b>	<b>241,907</b>	<b>42,337</b>	<b>725,409</b>	<b>105,411</b>	<b>29,438</b>	<b>860,258</b>
Depreciation	3,676	2,077	8,063	1,335	15,151	4,011	-	19,162
<b>TOTAL EXPENSES</b>	<b>\$ 382,788</b>	<b>\$ 64,130</b>	<b>\$ 249,970</b>	<b>\$ 43,672</b>	<b>\$ 740,560</b>	<b>\$ 109,422</b>	<b>\$ 29,438</b>	<b>\$ 879,420</b>

See accompanying notes.



**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (796,178)	\$ 2,208,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,247	19,162
Paycheck Protection Program loan forgiveness	-	(73,340)
Net realized gains on investments	(43,558)	(23,417)
Net unrealized (gain) loss on investments	843,445	(1,018,633)
Changes in:		
Accounts receivable	475,208	(477,292)
Prepaid expenses	(9,029)	4,335
Other assets	590	(1,010)
Accounts payable and accrued expenses	12,090	617
	495,815	639,396
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>495,815</b>	<b>639,396</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of land, building, and equipment	(4,525)	(11,996)
Proceeds from sale of investments	12,992	13,823
Purchase of investments	(630,122)	(609,514)
	(621,655)	(607,687)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(621,655)</b>	<b>(607,687)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(125,840)</b>	<b>31,709</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>374,779</b>	<b>343,070</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 248,939</b>	<b>\$ 374,779</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Paycheck Protection Program loan forgiveness	\$ -	\$ 73,340

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of Activities**

Jewish Family Service of the Lehigh Valley (the "Organization") is a nonprofit corporation whose mission is to help meet the needs of children, adults, and families of all ages and from all walks of life who are trying to cope with life stress. Assistance and support are provided through a wide range of high-quality counseling and support services. The Organization provides the following services and programs:

**Direct Assistance** - provides concrete resources to clients to develop and sustain linkages to community agencies for those in need, operates a food pantry, and assists people through referral and advocacy so that they can access needed resources from other community and government agencies.

**Volunteer** - implements programs and workshops on issues relevant to the community and to address special needs.

**Mental Health Services** - provides individual, marital, parent/child, family, and group counseling for problems encountered at all stages of life.

**Development** - provides programs to educate community members on topics affecting various stages of life.

The Lehigh Valley Jewish Foundation - Jewish Family Service Fund, a subsidiary of Jewish Family Service of the Lehigh Valley, is also a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. The subsidiary is inactive and therefore not reflected in the financial statements. Both organizations are exempt from federal and state income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

**Cash**

For purposes of reporting cash flows, the Organization considers all cash deposited in bank accounts and money related funds to be cash on the accompanying statements of financial position. This excludes cash held for long-term investments.

At various times during the year, the Organization had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Accounts Receivable**

Accounts receivable are stated at unpaid balances. The Organization provides for losses on accounts receivable using the direct write-off method. Receivables are considered impaired if full payment on invoices is not received. The Organization charges off uncollectible accounts receivable when management determines the receivable will not be collected.

**Investments**

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair market value in the statements of financial position. Investment return, net, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

**Land, Building, and Equipment**

Purchases of land, building, and equipment are capitalized at cost. Donations of land, building, and equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of \$2,500 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building	40 years
Building improvements	7 to 40 years
Furniture and fixtures	5 to 10 years

Maintenance and repairs of land, building, and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of land, building, and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Project in progress is stated at cost and consists primarily of costs incurred for building improvement projects. No provision for depreciation is made on project in progress until the assets are complete and placed into service.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Net Assets**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Organization reports gifts of cash and other assets as revenue 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 purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

**Contribution Revenue**

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions be met before the contribution is made are not recorded until the conditions are met.

In addition to contributions, support received under grants are considered nonreciprocal transactions and follow the guidance for contributions. These grants are recorded in the appropriate fund when the conditions are met, including incurring related costs and/or meeting program requirements.

## JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### **Donated Services and Materials**

Gifts of property and equipment are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Donated materials, furniture, fixtures, equipment, and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. The amount of such donated items was \$145,784 and \$119,634 in the years ended June 30, 2022 and 2021, respectively, and includes donated food for the food pantry which is valued using the average cost of food, per pound, as published by a leading hunger relief organization. There are no restrictions on in-kind donations at year end. The Organization does not sell donated gifts in-kind and only utilized in-kinds for the programs detailed above.

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

##### **Revenue Recognition**

In accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Organization recognizes revenue when control of the promised goods or services is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The standard outlines a five-step process whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization records the following exchange transaction revenue in its statements of activities:

##### Third-Party and Other Fees

The Organization provides a full range of counseling services to individuals, couples, families, and groups. Billing of these services is based on the length of the session and the location (i.e., the Organization's office, client's home, virtual, etc.). The revenue is almost exclusively from Medicare insurance and/or the related co-pay from private insurance carriers/private pay individuals and the performance obligation is met when the service is performed. These are short duration contracts and the revenue is recognized when the insurance company approves payment for the services or the individual makes the payment, in the case of private pay, which is typically during the fiscal year of the service provided.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Revenue Recognition - continued**

Special Events

The Organization conducts events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. Special event fees are received within the same fiscal year in which the event occurs.

**Functional Expense Allocation**

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Organization's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

**Tax-Exempt Status**

The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

**Use of Estimates**

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

**Subsequent Events**

In preparing these financial statements, Jewish Family Service of the Lehigh Valley has evaluated events and transactions for potential recognition or disclosure through January 24, 2023, the date the financial statements were available to be issued.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Adoption of FASB ASU No. 2020-07**

The Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new ASU requires the Organization to present contributed nonfinancial assets, including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets, as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosures of a disaggregation by category of nonfinancial assets, including whether used or monetized, policies and/or a description of the programs or other activities in which those assets were used, a description of any donor restrictions associated with nonfinancial assets, a description of the valuation techniques and inputs used to arrive at the fair value measure for initial recognition, and the principal market used to arrive at the fair value measure if it is a market in which the Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This standard is effective for fiscal years beginning after June 15, 2021. The Organization adopted this standard for the year ended June 30, 2022, with a retrospective application as of June 30, 2021.

**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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Investments held as of June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 99,123	\$ 96,812
Mutual funds	566,040	640,129
Debt securities	50,000	50,000
Exchange traded funds	1,519,495	1,798,907
Investments held by Jewish Federation of the Lehigh Valley	<u>2,768,740</u>	<u>2,600,307</u>
	<u>\$ 5,003,398</u>	<u>\$ 5,186,155</u>

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

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Investment return is summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 104,251	\$ 93,819
Realized gain on investments	43,558	23,417
Unrealized gain (loss) on investments	(843,445)	1,018,633
Investment fees	<u>(12,992)</u>	<u>(12,402)</u>
Total	<u>\$ (708,628)</u>	<u>\$ 1,123,467</u>

Financial accounting standards require the use of fair value measurement. Jewish Family Service of the Lehigh Valley, in accordance with generally accepted accounting principles, has applied fair value measurement.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.



**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

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**Long-Term Investments**

Custodians hold the investments of Jewish Family Service of the Lehigh Valley in accordance with the investment policy of the Organization. Amounts held are invested to diversify the funds to minimize the risk of large losses and preserve the capital. Investments are comprised of mutual funds, debt securities, and exchange traded funds for which fair value is based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

**Investments Held by the Jewish Federation of the Lehigh Valley**

Jewish Family Service of the Lehigh Valley has funds held by the Jewish Federation of the Lehigh Valley which are managed by a financial institution's trust department. The financial institution holds the investments in diversified and balanced portfolios consisting of cash and cash equivalents, corporate debt securities, equity securities, and mutual funds. These investments are valued by the trust managers based on the quoted market prices for shares held. If a quoted market price is not available, fair value is estimated using quoted or market prices for similar securities.

The method described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the institution are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth Jewish Family Service of the Lehigh Valley's assets at fair value by level within the fair value hierarchy as of June 30:

	2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 566,040	\$ -	\$ -	\$ 566,040
Debt securities	-	50,000	-	50,000
Exchange traded funds	1,519,495	-	-	1,519,495
Investments held by Jewish Federation of the Lehigh Valley	-	-	2,768,740	2,768,740
Total	<u>\$ 2,085,535</u>	<u>\$ 50,000</u>	<u>\$ 2,768,740</u>	<u>\$ 4,904,275</u>

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

	2021			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 640,129	\$ -	\$ -	\$ 640,129
Debt securities	-	50,000	-	50,000
Exchange traded funds	1,798,907	-	-	1,798,907
Investments held by the Jewish Federation of the Lehigh Valley	-	-	2,600,307	2,600,307
<b>Total</b>	<b>\$ 2,439,036</b>	<b>\$ 50,000</b>	<b>\$ 2,600,307</b>	<b>\$ 5,089,343</b>

The following table sets forth a summary of changes of the Organization's Level 3 assets for the years ended June 30:

	2022	2021
Balance beginning of year	\$ 2,600,307	\$ 1,573,385
Interest and dividends	59,994	43,942
Contributions	520,596	509,266
Realized gains	32,222	20,003
Unrealized gains (losses)	(434,582)	462,931
Fees	(9,797)	(9,220)
<b>Balance at end of year</b>	<b>\$ 2,768,740</b>	<b>\$ 2,600,307</b>

**NOTE 3 - NET ASSETS**

The Organization's net assets without donor restrictions are comprised of undesignated funds and board designated funds. From time to time, the Board may designate funds for specific purposes which would be included with net assets without donor restrictions. Board designated assets totaled \$5,124,150 and \$5,245,011 at June 30, 2022 and 2021, respectively. Of the board designated funds, \$4,799,958 and \$4,991,855 at June 30, 2022 and 2021, respectively, are held for long-term investment. At June 30, 2022 and 2021, \$66,692 and \$45,656, respectively, of board designated funds are held for endowment. The remaining \$257,500 and \$207,500 that is board designated at June 30, 2022 and 2021, are for future programs and projects as determined by the Board.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 3 - NET ASSETS - CONTINUED**

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Net assets with donor restrictions consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Time or purpose:		
Lecture series	\$ 25,103	\$ 28,224
Disability fund	49,505	53,746
COVID relief	16,500	-
Other time and purpose restrictions	8,333	-
	<u>99,441</u>	<u>81,970</u>
Subtotal time or purpose		
Perpetuity:		
Endowment funds	<u>50,000</u>	<u>50,000</u>
	<u>50,000</u>	<u>50,000</u>
Subtotal perpetuity		
Total net assets with donor restrictions	<u><u>\$ 149,441</u></u>	<u><u>\$ 131,970</u></u>

Net assets were released from restrictions satisfying the restricted purposes specified by donors as follows at June 30:

	<u>2022</u>	<u>2021</u>
Food pantry	\$ -	\$ 12,922
Disability fund	29,241	-
	<u><u>\$ 29,241</u></u>	<u><u>\$ 12,922</u></u>

**NOTE 4 - ENDOWMENT FUNDS**

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The Organization's endowment funds consist of one board designated endowment and one donor-restricted endowment fund of which the original donation is to be held in perpetuity, with the income expendable by the Organization in accordance with donor instructions. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's board designated endowment was established for gifts received under the Jewish Community Life and Legacy Campaign and for which it has elected to be governed by the Pennsylvania Act 141 which relates to nonprofit endowments. The Organization has elected to follow a total return investment and spending policy.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - ENDOWMENT FUNDS - CONTINUED**

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**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, in perpetuity (a) the original value of gift donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with the laws of the Commonwealth of Pennsylvania, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) donor restrictions, (2) the duration and preservation of the various funds, (3) the purposes of the donor-restricted endowment fund, (4) general economic conditions, (5) the possible effect of inflation and deflation, (6) the expected total return from income and the appreciation of investments, (7) other resources of the Organization, and (8) the Organization's investment policies.

**Investment Objectives**

The primary objective of the Organization is to attempt to provide a predictable stream of funding to activities supported by the endowment while seeking to maintain the original value of the gift donated. The policy establishes an achievable return objective. Actual returns in any given year may vary from the objective. The Organization follows the donor recommendation to maintain the funds in a specific mutual fund to achieve its objectives within moderate risk parameters.

**Spending Policy**

Since all endowment funds are board designated or relate to one donor-restricted fund, the spending policy is based on the total return election noted above that requires that funds must be invested for total return, whether the return is derived from capital appreciation or earnings and a memorandum of understanding with the donor. Regarding the donor-restricted endowment, the donor only restricted the original \$50,000 gift amount and specified that all earnings, including interest, dividends, and capital appreciation, both realized and unrealized, are to be spent to further the mission of the organization annually.

**Underwater Endowment Funds**

The Organization 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 director of the applicable donor gift instrument. The Organization has no underwater endowment funds at June 30, 2022 or 2021.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - ENDOWMENT FUNDS - CONTINUED**

Changes in endowment net assets with donor restrictions for the years ended June 30, 2022 and 2021, are as follows:

Endowment net asset composition as of June 30, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 66,692	\$ -	\$ 66,692
Donor-restricted endowment funds	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Totals funds	<u>\$ 66,692</u>	<u>\$ 50,000</u>	<u>\$ 116,692</u>

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 45,656	\$ 50,000	\$ 95,656
Investment return:			
Interest and dividends, net	830	1,019	1,849
Net realized and unrealized gains	<u>(7,694)</u>	<u>(12,915)</u>	<u>(20,609)</u>
Total investment return	(6,864)	(11,896)	(18,760)
Contributions	27,900	-	27,900
Distributions of funds	<u>-</u>	<u>11,896</u>	<u>11,896</u>
Endowment net assets, end of year	<u>\$ 66,692</u>	<u>\$ 50,000</u>	<u>\$ 116,692</u>

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - ENDOWMENT FUNDS - CONTINUED**

Endowment net asset composition as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 45,656	\$ -	\$ 45,656
Donor-restricted endowment funds	-	50,000	50,000
Totals funds	\$ 45,656	\$ 50,000	\$ 95,656

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 28,771	\$ 50,000	\$ 78,771
Investment return:			
Interest and dividends, net	691	889	1,580
Net realized and unrealized gains	9,194	21,786	30,980
Total investment return	9,885	22,675	32,560
Contributions	7,000	-	7,000
Distributions of funds	-	(22,675)	(22,675)
Endowment net assets, end of year	\$ 45,656	\$ 50,000	\$ 95,656

**NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN**

In May 2020, the Organization received a Paycheck Protection Program Loan (the "PPP Loan") from a qualified lender totaling \$73,340. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN - CONTINUED**

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The Organization initially recorded a note payable upon receipt of the PPP Loan and subsequently recorded forgiveness when the loan obligation was legally released upon notification by the SBA in May 2021. The \$73,340 forgiven is recognized as loan forgiveness income in the statements of activities for the year ended June 30, 2021.

**NOTE 6 - DEFINED CONTRIBUTION PLAN**

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The Organization currently has one IRC 403(b) Qualified Employee Pension Plan with two separate contracts. One contract is an Employee Contribution Tax Deferred Annuity Plan (TDA), funded solely by employee elective deferrals and without any employer contributions. The other is an Employer Funded Defined Contribution Plan (DCP) without any employee elective deferrals. For the years ended June 30, 2022 and 2021, the Organization contributed 5% of the salaries to the DCP for all employees expected to work more than 1,000 hours per year in accordance with the Plan Document. The retirement plan contributions for the years ended June 30, 2022 and 2021 totaled \$15,704 and \$13,811, respectively.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 7 - AVAILABILITY OF FINANCIAL RESOURCES**

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The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year because of board designated or donor-imposed restrictions. The Organization's financial assets include cash, receivables, and investments. The Organization has limitations on those assets consisting of board designated and donor restricted funds.

	<u>2022</u>	<u>2021</u>
Cash	\$ 248,939	\$ 374,779
Accounts receivable	27,393	502,601
Investments	<u>5,003,398</u>	<u>5,186,155</u>
Total financial assets	5,279,730	6,063,535
Less: Amounts unavailable for general expenses within one year due to:		
Donor restricted for time and purpose restrictions	(99,441)	(81,970)
Perpetuity, donor-restricted	(50,000)	(50,000)
Board designated	<u>(5,124,150)</u>	<u>(5,245,011)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 6,139</u>	<u>\$ 686,554</u>

At June 30, 2022 and 2021, the Organization had board designated amounts totaling \$5,124,150 and \$5,245,011, respectively. With board approval, these amounts could be used to meet cash needs, if necessary.

**NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS**

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In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This standard is effective for fiscal years beginning after December 15, 2021, with early application permitted. The Organization is evaluating the impact this standard will have on the financial statements.