

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

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8 - 21

## 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, 2024 and 2023, 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, 2024 and 2023, 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  
December 17, 2024**

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

**STATEMENTS OF FINANCIAL POSITION**

	Note Reference Number	June 30, 2024			June 30, 2023		
		Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash		\$ 303,141	\$ 84,806	\$ 387,947	\$ 136,791	\$ 208,720	\$ 345,511
Contributions receivable		22,841	-	22,841	29,914	-	29,914
Employee retention credit receivable	2	135,500	-	135,500	-	-	-
Prepaid expenses		15,567	-	15,567	30,713	-	30,713
Other assets		1,065	-	1,065	760	-	760
<b>TOTAL CURRENT ASSETS</b>		<u>478,114</u>	<u>84,806</u>	<u>562,920</u>	<u>198,178</u>	<u>208,720</u>	<u>406,898</u>
<b>NONCURRENT ASSETS</b>							
Investments	3	7,065,028	50,000	7,115,028	5,412,291	50,000	5,462,291
Land, building, and equipment:							
Land		15,113	-	15,113	15,113	-	15,113
Building and improvements		500,323	-	500,323	478,323	-	478,323
Furniture and fixtures		51,733	-	51,733	44,739	-	44,739
Construction in progress		-	-	-	6,284	-	6,284
		<u>567,169</u>	<u>-</u>	<u>567,169</u>	<u>544,459</u>	<u>-</u>	<u>544,459</u>
Less: accumulated depreciation		<u>(394,675)</u>	<u>-</u>	<u>(394,675)</u>	<u>(381,218)</u>	<u>-</u>	<u>(381,218)</u>
Net land, building, and equipment		<u>172,494</u>	<u>-</u>	<u>172,494</u>	<u>163,241</u>	<u>-</u>	<u>163,241</u>
<b>TOTAL NONCURRENT ASSETS</b>		<u>7,237,522</u>	<u>50,000</u>	<u>7,287,522</u>	<u>5,575,532</u>	<u>50,000</u>	<u>5,625,532</u>
<b>TOTAL ASSETS</b>		<u>\$ 7,715,636</u>	<u>\$ 134,806</u>	<u>\$ 7,850,442</u>	<u>\$ 5,773,710</u>	<u>\$ 258,720</u>	<u>\$ 6,032,430</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable		\$ -	\$ -	\$ -	\$ 3,185	\$ -	\$ 3,185
Accrued expenses		43,798	-	43,798	54,299	-	54,299
<b>TOTAL CURRENT LIABILITIES</b>		<u>43,798</u>	<u>-</u>	<u>43,798</u>	<u>57,484</u>	<u>-</u>	<u>57,484</u>
<b>NET ASSETS</b>							
Without donor restrictions:							
Board designated	4	6,977,632	-	6,977,632	5,521,484	-	5,521,484
Undesignated	4	694,206	-	694,206	194,742	-	194,742
Total without donor restrictions		<u>7,671,838</u>	<u>-</u>	<u>7,671,838</u>	<u>5,716,226</u>	<u>-</u>	<u>5,716,226</u>
With donor restrictions:							
Time or purpose	4	-	84,806	84,806	-	208,720	208,720
Perpetuity	4	-	50,000	50,000	-	50,000	50,000
Total with donor restrictions		<u>-</u>	<u>134,806</u>	<u>134,806</u>	<u>-</u>	<u>258,720</u>	<u>258,720</u>
<b>TOTAL NET ASSETS</b>		<u>7,671,838</u>	<u>134,806</u>	<u>7,806,644</u>	<u>5,716,226</u>	<u>258,720</u>	<u>5,974,946</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 7,715,636</u>	<u>\$ 134,806</u>	<u>\$ 7,850,442</u>	<u>\$ 5,773,710</u>	<u>\$ 258,720</u>	<u>\$ 6,032,430</u>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2024 and 2023**

	Note Reference Number	2024			2023		
		Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>							
Contributions		\$ 1,480,933	\$ -	\$ 1,480,933	\$ 556,398	\$ 58,412	614,810
Jewish Federation of the Lehigh Valley grants		120,000	-	120,000	50,467	100,000	150,467
Contributed nonfinancial assets		169,149	-	169,149	160,411	-	160,411
Employee retention tax credits	2	135,500	-	135,500	-	-	-
Special events, net of expenses (2024 - \$12,701 and 2023 - \$10,831)		78,063	-	78,063	79,291	-	79,291
Casework and service fees		2,329	-	2,329	2,535	-	2,535
Third-party fees		50,970	-	50,970	41,626	-	41,626
Miscellaneous		14,286	-	14,286	4,926	-	4,926
Restrictions satisfied		128,469	(128,469)	-	52,010	(52,010)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>		<b>2,179,699</b>	<b>(128,469)</b>	<b>2,051,230</b>	<b>947,664</b>	<b>106,402</b>	<b>1,054,066</b>
<b>EXPENSES</b>							
Program services		1,045,376	-	1,045,376	997,358	-	997,358
Supporting services:							
General and administrative		65,586	-	65,586	90,505	-	90,505
Fundraising		19,401	-	19,401	32,052	-	32,052
Total supporting services		84,987	-	84,987	122,557	-	122,557
<b>TOTAL EXPENSES</b>		<b>1,130,363</b>	<b>-</b>	<b>1,130,363</b>	<b>1,119,915</b>	<b>-</b>	<b>1,119,915</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>		<b>1,049,336</b>	<b>(128,469)</b>	<b>920,867</b>	<b>(172,251)</b>	<b>106,402</b>	<b>(65,849)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment return	3	956,276	4,555	960,831	649,102	2,877	651,979
Refund of prior year revenues		(50,000)	-	(50,000)	-	-	-
<b>TOTAL NONOPERATING REVENUES</b>		<b>906,276</b>	<b>4,555</b>	<b>910,831</b>	<b>649,102</b>	<b>2,877</b>	<b>651,979</b>
<b>CHANGE IN NET ASSETS</b>		<b>1,955,612</b>	<b>(123,914)</b>	<b>1,831,698</b>	<b>476,851</b>	<b>109,279</b>	<b>586,130</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>		<b>5,716,226</b>	<b>258,720</b>	<b>5,974,946</b>	<b>5,239,375</b>	<b>149,441</b>	<b>5,388,816</b>
<b>NET ASSETS AT END OF YEAR</b>		<b>\$ 7,671,838</b>	<b>\$ 134,806</b>	<b>\$ 7,806,644</b>	<b>\$ 5,716,226</b>	<b>\$ 258,720</b>	<b>\$ 5,974,946</b>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024**

	Program Services				Total Program Services	Supporting Services		Total
	Direct Assistance	Volunteer	Mental Health Services	Development		General and Administrative	Fundraising	
Salaries	\$ 297,849	\$ 24,531	\$ 73,219	\$ 97,602	\$ 493,201	\$ 42,589	\$ 17,924	\$ 553,714
Employee benefits	13,162	1,084	3,235	4,313	21,794	1,882	521	24,197
Payroll taxes	24,183	1,992	5,945	7,925	40,045	3,457	956	44,458
<b>Total salaries and related expenses</b>	<b>335,194</b>	<b>27,607</b>	<b>82,399</b>	<b>109,840</b>	<b>555,040</b>	<b>47,928</b>	<b>19,401</b>	<b>622,369</b>
Office expenses	31,944	2,631	7,853	10,468	52,896	5,830	-	58,726
Printing service	927	76	228	304	1,535	169	-	1,704
Professional fees	19,502	1,606	4,794	6,391	32,293	3,559	-	35,852
Occupancy expenses	8,418	693	2,069	2,758	13,938	1,537	-	15,475
Public relations	376	31	92	123	622	69	-	691
Staff transportation	1,303	107	320	427	2,157	238	-	2,395
Dues and fees	2,801	231	689	918	4,639	511	-	5,150
Conferences and training	741	61	182	243	1,227	135	-	1,362
Family and community services	317,301	-	8,038	4,788	330,127	-	-	330,127
Insurance	7,712	635	1,896	2,527	12,770	1,407	-	14,177
Repairs and maintenance	15,708	1,294	3,862	5,147	26,011	2,867	-	28,878
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>741,927</b>	<b>34,972</b>	<b>112,422</b>	<b>143,934</b>	<b>1,033,255</b>	<b>64,250</b>	<b>19,401</b>	<b>1,116,906</b>
Depreciation	7,320	603	1,799	2,399	12,121	1,336	-	13,457
<b>TOTAL EXPENSES</b>	<b>\$ 749,247</b>	<b>\$ 35,575</b>	<b>\$ 114,221</b>	<b>\$ 146,333</b>	<b>\$ 1,045,376</b>	<b>\$ 65,586</b>	<b>\$ 19,401</b>	<b>\$ 1,130,363</b>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2023**

	Program Services				Total Program Services	Supporting Services		Total
	Direct Assistance	Volunteer	Mental Health Services	Development		General and Administrative	Fundraising	
Salaries	\$ 289,475	\$ 24,671	\$ 73,258	\$ 73,892	\$ 461,296	\$ 61,679	\$ 15,263	\$ 538,238
Employee benefits	9,416	802	2,383	2,403	15,004	2,006	496	17,506
Payroll taxes	24,525	2,090	6,207	6,260	39,082	5,226	1,293	45,601
<b>Total salaries and related expenses</b>	<b>323,416</b>	<b>27,563</b>	<b>81,848</b>	<b>82,555</b>	<b>515,382</b>	<b>68,911</b>	<b>17,052</b>	<b>601,345</b>
Office expenses	32,012	2,728	8,101	8,171	51,012	8,509	-	59,521
Printing service	1,171	100	296	299	1,866	311	-	2,177
Staff recruitment	12	1	3	3	19	3	-	22
Professional fees	12,617	1,075	3,193	3,221	20,106	3,354	-	23,460
Occupancy expenses	11,985	1,021	3,033	3,059	19,098	3,186	-	22,284
Public relations	884	75	224	226	1,409	235	15,000	16,644
Staff transportation	2,264	193	573	578	3,608	602	-	4,210
Dues and fees	2,373	202	601	606	3,782	631	-	4,413
Conferences and training	1,274	109	322	325	2,030	339	-	2,369
Family and community services	344,533	-	2,298	5,685	352,516	-	-	352,516
Insurance	7,356	627	1,862	1,878	11,723	1,955	-	13,678
Repairs and maintenance	2,590	221	655	661	4,127	688	-	4,815
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>742,487</b>	<b>33,915</b>	<b>103,009</b>	<b>107,267</b>	<b>986,678</b>	<b>88,724</b>	<b>32,052</b>	<b>1,107,454</b>
Depreciation	6,701	571	1,697	1,711	10,680	1,781	-	12,461
<b>TOTAL EXPENSES</b>	<b>\$ 749,188</b>	<b>\$ 34,486</b>	<b>\$ 104,706</b>	<b>\$ 108,978</b>	<b>\$ 997,358</b>	<b>\$ 90,505</b>	<b>\$ 32,052</b>	<b>\$ 1,119,915</b>

See accompanying notes.



**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**STATEMENTS OF CASH FLOWS**

	Year Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,831,698	\$ 586,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,457	12,461
Net realized gains on investments	(10,446)	(12,269)
Net unrealized gain on investments	(844,300)	(535,612)
Changes in:		
Contributions receivable	7,073	(2,521)
Employee retention credit receivable	(135,500)	-
Prepaid expenses	15,146	(14,660)
Other assets	(305)	(340)
Accounts payable and accrued expenses	<u>(13,686)</u>	<u>(19,321)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>863,137</b>	<b>13,868</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of land, building, and equipment	(22,710)	(6,284)
Proceeds from sale of investments	319,044	210,731
Purchase of investments	<u>(1,117,035)</u>	<u>(121,743)</u>
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>(820,701)</u></b>	<b><u>82,704</u></b>
<b>NET INCREASE IN CASH</b>	<b>42,436</b>	<b>96,572</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u>345,511</u>	<u>248,939</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 387,947</u></u>	<u><u>\$ 345,511</u></u>

See accompanying notes.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

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

---

**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, 2024 and 2023**

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

---

**Contributions Receivable**

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

**Investments**

Investments in equity securities with readily determinable fair values and investments in mutual funds, debt securities, exchange traded funds, and pooled investments are measured at fair market value in the statements of financial position. Investment return, 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. Construction in progress is stated at cost and consists primarily of costs incurred for building improvement projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

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

---

**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 records unconditional contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time. When donor restrictions expire, that is when a purpose restriction is fulfilled or a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and is reflected in the statements of activities as net assets released from 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 revenue without donor restrictions.

In addition to contributions, support received under grants are considered nonreciprocal transactions and follow the guidance for contributions. These grants are recorded 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, 2024 and 2023**

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

---

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets 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).

Contributed nonfinancial assets 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 \$169,149 and \$160,411 in the years ended June 30, 2024 and 2023, 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 contributed nonfinancial assets at year end. The Organization does not sell contributed nonfinancial assets and only utilized them for the food pantry program.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. 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**

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. 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, 2024 and 2023**

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

---

**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 December 17, 2024, the date the financial statements were available to be issued.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 2 - EMPLOYEE RETENTION TAX CREDITS**

---

The Employee Retention Tax Credit (ERTC) is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization expects to meet the ERC's eligibility requirements and considers these payments as a conditional grant. Accordingly, the Organization has initially recorded the payments as a refundable advance in accordance with the guidance for conditional contributions and will recognize the grant in the statements of activities when there is no longer a measurable performance or other barrier. The Organization has interpreted the condition(s) of the grant to be met as of June 30, 2024 and has recognized \$135,500, in employee retention tax credit contributions in the statements of activities.

Included on the statements of financial position is \$135,500 of employee retention credit receivable at June 30, 2024, as a result of filing Forms 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund, in order to receive amounts to which it believes it is entitled under ERC. There was no related receivable as of June 30, 2023. Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

Subsequent to year end, in November 2024, the Organization received a refund from the Internal Revenue Service totaling \$14,255 which includes \$2,282 of accrued interest on the second quarter 2020 tax credit applied for.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

---

Investments held as of June 30 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 8,803	\$ 6,133
Mutual funds	218,269	583,142
Debt securities	50,000	50,000
Exchange traded funds	2,580,309	1,786,230
Investments held by Jewish Federation of the Lehigh Valley	<u>4,257,647</u>	<u>3,036,786</u>
	<u>\$ 7,115,028</u>	<u>\$ 5,462,291</u>

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

---

Investment return is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 119,638	\$ 116,321
Realized gain on investments	10,446	12,269
Unrealized gain on investments	844,300	535,612
Investment fees	<u>(13,553)</u>	<u>(12,223)</u>
Total	<u>\$ 960,831</u>	<u>\$ 651,979</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.



**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

---

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, 2024 or June 30, 2023.

**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.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

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:

	2024			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 218,269	\$ -	\$ -	\$ 218,269
Debt securities	-	50,000	-	50,000
Exchange traded funds	2,580,309	-	-	2,580,309
Investments held by Jewish Federation of the Lehigh Valley	-	-	4,257,647	4,257,647
<b>Total</b>	<b>\$ 2,798,578</b>	<b>\$ 50,000</b>	<b>\$ 4,257,647</b>	<b>\$ 7,106,225</b>

  

	2023			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 583,142	\$ -	\$ -	\$ 583,142
Debt securities	-	50,000	-	50,000
Exchange traded funds	1,786,230	-	-	1,786,230
Investments held by Jewish Federation of the Lehigh Valley	-	-	3,036,786	3,036,786
<b>Total</b>	<b>\$ 2,369,372</b>	<b>\$ 50,000</b>	<b>\$ 3,036,786</b>	<b>\$ 5,456,158</b>

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

	2024	2023
Balance beginning of year	\$ 3,036,786	\$ 2,768,740
Interest and dividends	65,879	60,202
Contributions	991,925	-
Realized gains	6,804	6,086
Unrealized gains	466,807	311,082
Withdrawals	(300,000)	(100,000)
Fees	(10,554)	(9,324)
<b>Balance at end of year</b>	<b>\$ 4,257,647</b>	<b>\$ 3,036,786</b>

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 4 - 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 \$6,977,632 and \$5,521,484 at June 30, 2024 and 2023, respectively. Of the board designated funds, \$5,827,020 and \$5,239,114 at June 30, 2024 and 2023, respectively, are held for long-term investment. At June 30, 2024 and 2023, \$1,150,612 and \$85,676, respectively, of board designated funds are held for endowment. The remaining \$196,694 that is board designated at June 30, 2023, are for future programs and projects as determined by the Board.

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

	2024	2023
Time or purpose:		
Lecture series	\$ 32,535	\$ 27,980
Disability fund	52,271	52,328
COVID relief	-	9,200
Older adult services	-	100,000
Emergency food and shelter	-	19,212
Subtotal time or purpose	84,806	208,720
Perpetuity:		
Endowment funds	50,000	50,000
Total net assets with donor restrictions	\$ 134,806	\$ 258,720

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

	2024	2023
Disability fund	\$ 57	\$ 27,177
COVID relief	9,200	16,500
Older adult services	100,000	-
Other time and purpose restrictions	19,212	8,333
	\$ 128,469	\$ 52,010

## JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE 5 - ENDOWMENT FUNDS

---

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.

#### **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.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 5 - ENDOWMENT FUNDS - CONTINUED**

**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, 2024 or 2023.

Endowment net asset composition as of June 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,150,612	\$ -	\$ 1,150,612
Donor-restricted endowment funds	-	50,000	50,000
Totals funds	\$ 1,150,612	\$ 50,000	\$ 1,200,612

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 85,676	\$ 50,000	\$ 135,676
Investment return:			
Interest and dividends, net	4,175	1,750	5,925
Net realized and unrealized gains	49,031	17,994	67,025
Total investment return	53,206	19,744	72,950
Contributions	1,011,730	-	1,011,730
Distributions of funds	-	(19,744)	(19,744)
Endowment net assets, end of year	\$ 1,150,612	\$ 50,000	\$ 1,200,612

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 5 - ENDOWMENT FUNDS - CONTINUED**

Endowment net asset composition as of June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 85,676	\$ -	\$ 85,676
Donor-restricted endowment funds	-	50,000	50,000
Totals funds	\$ 85,676	\$ 50,000	\$ 135,676

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 67,692	\$ 50,000	\$ 117,692
Investment return:			
Interest and dividends, net	1,234	1,439	2,673
Net realized and unrealized gains	7,750	9,315	17,065
Total investment return	8,984	10,754	19,738
Contributions	9,000	-	9,000
Distributions of funds	-	(10,754)	(10,754)
Endowment net assets, end of year	\$ 85,676	\$ 50,000	\$ 135,676

**NOTE 6 - DEFINED CONTRIBUTION PLAN**

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, 2024 and 2023, 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, 2024 and 2023 totaled \$23,283 and \$16,593, respectively.

**JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 7 - AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Organization’s financial assets as of June 30, 2024 and 2023, 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.

	2024	2023
Cash	\$ 387,947	\$ 345,511
Contributions receivable	22,841	29,914
Employee retention credit receivable	135,500	-
Investments	7,115,028	5,462,291
Total financial assets	7,661,316	5,837,716
Less: Amounts unavailable for general expenses within one year due to:		
Donor restricted for time and purpose restrictions	(84,806)	(208,720)
Perpetuity, donor-restricted	(50,000)	(50,000)
Board designated	(6,977,632)	(5,521,484)
Financial assets available to meet cash needs for general expenses within one year	\$ 548,878	\$ 57,512

At June 30, 2024 and 2023, the Organization had board designated amounts totaling \$6,977,632 and \$5,521,484, respectively. With board approval, these amounts could be used to meet cash needs, if necessary.