

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 16, 2025

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF FINANCIAL POSITION

	Note Reference Number	June 30, 2025			June 30, 2024			
		Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	
ASSETS								
CURRENT ASSETS								
Cash		\$ 469,700	\$ 63,745	\$ 533,445	\$ 303,141	\$ 84,806	\$ 387,947	
Contributions receivable		90,351	-	90,351	22,841	-	22,841	
Employee retention credit receivable	2	123,527	-	123,527	135,500	-	135,500	
Prepaid expenses		8,717	-	8,717	15,567	-	15,567	
Other assets		775	-	775	1,065	-	1,065	
TOTAL CURRENT ASSETS		693,070	63,745	756,815	478,114	84,806	562,920	
NONCURRENT ASSETS								
Investments	3	7,712,871	105,154	7,818,025	6,997,792	117,236	7,115,028	
Land, building, and equipment:								
Land		15,113	-	15,113	15,113	-	15,113	
Building and improvements		500,323	-	500,323	500,323	-	500,323	
Furniture and fixtures		51,733	-	51,733	51,733	-	51,733	
		567,169	-	567,169	567,169	-	567,169	
Less: accumulated depreciation		(409,935)	-	(409,935)	(394,675)	-	(394,675)	
Net land, building, and equipment		157,234	-	157,234	172,494	-	172,494	
TOTAL NONCURRENT ASSETS		7,870,105	105,154	7,975,259	7,170,286	117,236	7,287,522	
TOTAL ASSETS		\$ 8,563,175	\$ 168,899	\$ 8,732,074	\$ 7,648,400	\$ 202,042	\$ 7,850,442	
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable		\$ 13,307	\$ -	\$ 13,307	\$ -	\$ -	\$ -	
Accrued expenses		36,426	-	36,426	43,798	-	43,798	
TOTAL CURRENT LIABILITIES		49,733	-	49,733	43,798	-	43,798	
NET ASSETS								
Without donor restrictions:								
Board designated	4	7,742,872	-	7,742,872	6,977,632	-	6,977,632	
Undesignated	4	770,570	-	770,570	626,970	-	626,970	
Total without donor restrictions		8,513,442	-	8,513,442	7,604,602	-	7,604,602	
With donor restrictions:								
Time or purpose	4	-	168,899	168,899	-	202,042	202,042	
TOTAL NET ASSETS		8,513,442	168,899	8,682,341	7,604,602	202,042	7,806,644	
TOTAL LIABILITIES AND NET ASSETS		\$ 8,563,175	\$ 168,899	\$ 8,732,074	\$ 7,648,400	\$ 202,042	\$ 7,850,442	

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 and 2024

	Note Reference Number	2025			2024		
		Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES							
Contributions		\$ 731,144	\$ -	\$ 731,144	\$ 1,480,933	\$ -	\$ 1,480,933
Jewish Federation of the Lehigh Valley grants		120,000	-	120,000	120,000	-	120,000
Contributed nonfinancial assets		169,054	-	169,054	169,149	-	169,149
Employee retention tax credits	2	-	-	-	135,500	-	135,500
Special events, net of expenses (2025 - \$15,665 and 2024 - \$12,701)		78,139	-	78,139	78,063	-	78,063
Casework and service fees		625	-	625	2,329	-	2,329
Third-party fees		72,389	-	72,389	50,970	-	50,970
Miscellaneous		20,674	-	20,674	14,286	-	14,286
Restrictions satisfied		47,625	(47,625)	-	128,469	(128,469)	-
TOTAL PUBLIC SUPPORT AND REVENUES		1,239,650	(47,625)	1,192,025	2,179,699	(128,469)	2,051,230
EXPENSES							
Program services		992,313	-	992,313	968,488	-	968,488
Supporting services:							
General and administrative		115,365	-	115,365	104,030	-	104,030
Fundraising		64,621	-	64,621	57,845	-	57,845
Total supporting services		179,986	-	179,986	161,875	-	161,875
TOTAL EXPENSES		1,172,299	-	1,172,299	1,130,363	-	1,130,363
NET INCOME (LOSS) FROM OPERATIONS		67,351	(47,625)	19,726	1,049,336	(128,469)	920,867
NONOPERATING REVENUES (EXPENSES)							
Investment return	3	841,489	14,482	855,971	936,533	24,298	960,831
Refund of prior year revenues		-	-	-	(50,000)	-	(50,000)
TOTAL NONOPERATING REVENUES		841,489	14,482	855,971	886,533	24,298	910,831
CHANGE IN NET ASSETS		908,840	(33,143)	875,697	1,935,869	(104,171)	1,831,698
NET ASSETS AT BEGINNING OF YEAR		7,604,602	202,042	7,806,644	5,668,733	306,213	5,974,946
NET ASSETS AT END OF YEAR		\$ 8,513,442	\$ 168,899	\$ 8,682,341	\$ 7,604,602	\$ 202,042	\$ 7,806,644

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services					Supporting Services		
	Direct Assistance	Volunteer	Mental Health Services	Development	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 278,006	\$ 28,463	\$ 93,712	\$ 35,073	\$ 435,254	\$ 83,993	\$ 57,437	\$ 576,684
Employee benefits	12,243	1,254	4,127	1,545	19,169	3,698	2,529	25,396
Payroll taxes	22,530	2,307	7,595	2,842	35,274	6,806	4,655	46,735
Total salaries and related expenses	312,779	32,024	105,434	39,460	489,697	94,497	64,621	648,815
Office expenses	25,865	2,648	8,719	10,877	48,109	5,544	-	53,653
Printing service	1,138	117	384	479	2,118	243	-	2,361
Staff recruitment	7,869	806	2,653	3,309	14,637	1,687	-	16,324
Professional fees	13,390	1,371	4,513	5,631	24,905	2,870	-	27,775
Occupancy expenses	13,029	1,334	4,392	5,479	24,234	2,794	-	27,028
Public relations	2,089	214	704	879	3,886	448	-	4,334
Staff transportation	1,538	157	518	647	2,860	330	-	3,190
Dues and fees	3,108	318	1,048	1,307	5,781	667	-	6,448
Conferences and training	362	37	122	152	673	77	-	750
Family and community services	311,740	-	5,692	4,137	321,569	-	-	321,569
Insurance	9,980	1,022	3,364	4,197	18,563	2,139	-	20,702
Repairs and maintenance	11,420	1,169	3,849	4,802	21,240	2,449	-	23,689
Miscellaneous	194	18	65	81	358	43	-	401
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	714,501	41,235	141,457	81,437	978,630	113,788	64,621	1,157,039
Depreciation	7,356	753	2,480	3,094	13,683	1,577	-	15,260
TOTAL EXPENSES	\$ 721,857	\$ 41,988	\$ 143,937	\$ 84,531	\$ 992,313	\$ 115,365	\$ 64,621	\$ 1,172,299

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services					Supporting Services		
	Direct Assistance	Volunteer	Mental Health Services	Development	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 297,849	\$ 24,531	\$ 73,219	\$ 29,282	\$ 424,881	\$ 76,749	\$ 52,084	\$ 553,714
Employee benefits	13,162	1,084	3,235	1,293	18,774	3,392	2,031	24,197
Payroll taxes	24,183	1,992	5,945	2,377	34,497	6,231	3,730	44,458
Total salaries and related expenses	335,194	27,607	82,399	32,952	478,152	86,372	57,845	622,369
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
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	741,927	34,972	112,422	67,046	956,367	102,694	57,845	1,116,906
Depreciation	7,320	603	1,799	2,399	12,121	1,336	-	13,457
TOTAL EXPENSES	\$ 749,247	\$ 35,575	\$ 114,221	\$ 69,445	\$ 968,488	\$ 104,030	\$ 57,845	\$ 1,130,363

See accompanying notes.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 875,697	\$ 1,831,698
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,260	13,457
Net realized gains on investments	(70,348)	(10,446)
Net unrealized gain on investments	(650,851)	(844,300)
Changes in:		
Contributions receivable	(67,510)	7,073
Employee retention credit receivable	11,973	(135,500)
Prepaid expenses	6,850	15,146
Other assets	290	(305)
Accounts payable and accrued expenses	<u>5,935</u>	<u>(13,686)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	127,296	863,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, building, and equipment	-	(22,710)
Proceeds from sale of investments	385,183	319,044
Purchase of investments	<u>(366,981)</u>	<u>(1,117,035)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	18,202	(820,701)
NET INCREASE IN CASH	145,498	42,436
CASH AT BEGINNING OF YEAR	387,947	345,511
CASH AT END OF YEAR	\$ 533,445	\$ 387,947
RECONCILIATION OF CASH AT END OF YEAR		
Cash - without donor restrictions	\$ 469,700	\$ 303,141
Cash - with donor restrictions	<u>63,745</u>	<u>84,806</u>
	<u>\$ 533,445</u>	<u>\$ 387,947</u>

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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, 2025 and 2024

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.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as support with or without donor restrictions depending on the existence and nature of any 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.

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, 2025 and 2024

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 \$169,054 and \$169,149 in the years ended June 30, 2025 and 2024, 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) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization's goals and objectives. However, no amounts have been included in the financial statements for donated director or volunteer services, since they do not meet the criteria for recognition.

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, 2025 and 2024

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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year statements.

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 16, 2025, the date the financial statements were available to be issued.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 had 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 recognized \$135,500, in employee retention tax credit contributions in the statements of activities.

Included on the statements of financial position is \$123,527 and \$135,500 of employee retention credit receivable at June 30, 2025 and 2024, respectively, 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. In November 2024, the Organization received a refund from the Internal Revenue Service for second quarter 2020 tax credit applied for totaling \$14,255, which includes \$2,282 of accrued interest on the tax credit applied for. 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 July 2025, the Organization received two additional refunds from the Internal Revenue Service totaling \$109,298 which includes \$18,922 of accrued interest on the first and second quarters 2021 tax credits applied for.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	2025	2024
Money market funds	\$ 190	\$ 8,803
Mutual funds	214,822	218,269
Debt securities	50,000	50,000
Exchange traded funds	2,821,692	2,580,309
Investments held by Jewish Federation of the Lehigh Valley	<u>4,731,321</u>	<u>4,257,647</u>
	<u><u>\$ 7,818,025</u></u>	<u><u>\$ 7,115,028</u></u>

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Investment return is summarized as follows:

	2025	2024
Interest and dividends	\$ 152,804	\$ 119,638
Realized gain on investments	70,348	10,446
Unrealized gain on investments	650,851	844,300
Investment fees	<u>(18,032)</u>	<u>(13,553)</u>
 Total	 <u>\$ 855,971</u>	 <u>\$ 960,831</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, 2025 and 2024

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, 2025 or June 30, 2024.

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, 2025 and 2024

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:

	2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 214,822	\$ -	\$ -	\$ 214,822
Debt securities	-	50,000	-	50,000
Exchange traded funds	2,821,692	-	-	2,821,692
Investments held by Jewish Federation of the Lehigh Valley	-	-	4,731,321	4,731,321
Total	<u>\$ 3,036,514</u>	<u>\$ 50,000</u>	<u>\$ 4,731,321</u>	<u>\$ 7,817,835</u>

	2024			
	Level 1	Level 2	Level 3	Total
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
Total	<u>\$ 2,798,578</u>	<u>\$ 50,000</u>	<u>\$ 4,257,647</u>	<u>\$ 7,106,225</u>

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

	2025	2024
Balance beginning of year	\$ 4,257,647	\$ 3,036,786
Interest and dividends	89,439	65,879
Contributions	164,620	991,925
Realized gains	16,681	6,804
Unrealized gains	401,750	466,807
Withdrawals	(184,000)	(300,000)
Fees	(14,816)	(10,554)
 Balance at end of year	 <u>\$ 4,731,321</u>	 <u>\$ 4,257,647</u>

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 \$7,742,872 and \$6,977,632 at June 30, 2025 and 2024, respectively. Of the board designated funds, \$6,312,380 and \$5,827,020 at June 30, 2025 and 2024, respectively, are held for long-term investment. At June 30, 2025 and 2024, \$1,430,492 and \$1,150,612, respectively, of board designated funds are held for endowment.

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

	<u>2025</u>	<u>2024</u>
Time or purpose:		
Lecture series	\$ 36,474	\$ 32,535
Disability fund	27,271	52,271
Endowment funds held for Scholarships	<u>105,154</u>	<u>117,236</u>
 Total net assets with donor restrictions	 <u>\$ 168,899</u>	 <u>\$ 202,042</u>

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

	<u>2025</u>	<u>2024</u>
Lecture Series	\$ 125	\$ -
Disability fund	25,000	57
COVID relief	-	9,200
Older adult services	-	100,000
Endowment funds held for scholarships	22,500	-
Other time and purpose restrictions	<u>-</u>	<u>19,212</u>
 \$ 47,500	 <u>\$ 128,469</u>	

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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 and the income are 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 specified that all earnings, including interest, dividends, and capital appreciation, both realized and unrealized, and principal, if needed, are to be spent on deserving Jewish candidates who choose to pursue degrees in engineering at a college or university of their choosing.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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, 2025 or 2024.

Endowment net asset composition as of June 30, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,430,492	\$ -	\$ 1,430,492
Donor-restricted endowment funds	- <hr/>	105,154 <hr/>	105,154 <hr/>
Totals funds	\$ 1,430,492 <hr/>	\$ 105,154 <hr/>	\$ 1,535,646 <hr/>

Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,150,612	\$ 117,236	\$ 1,267,848
Investment return:			
Interest and dividends, net	21,501	2,941	24,442
Net realized and unrealized gains	118,599	7,477	126,076
Total investment return	140,100	10,418	150,518
Contributions	214,780	-	214,780
Distributions of funds	(75,000)	(22,500)	(97,500)
Endowment net assets, end of year	\$ 1,430,492	\$ 105,154	\$ 1,535,646

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 5 - ENDOWMENT FUNDS - CONTINUED

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,150,612	\$ -	\$ 1,150,612
Donor-restricted endowment funds	<u>-</u>	<u>117,236</u>	<u>117,236</u>
Totals funds	<u>\$ 1,150,612</u>	<u>\$ 117,236</u>	<u>\$ 1,267,848</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 85,676	\$ 97,493	\$ 183,169
Investment return:			
Interest and dividends, net	4,175	1,750	5,925
Net realized and unrealized gains	<u>49,031</u>	<u>17,993</u>	<u>67,024</u>
Total investment return	<u>53,206</u>	<u>19,743</u>	<u>72,949</u>
Contributions	<u>1,011,730</u>	<u>-</u>	<u>1,011,730</u>
Endowment net assets, end of year	<u>\$ 1,150,612</u>	<u>\$ 117,236</u>	<u>\$ 1,267,848</u>

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, 2025 and 2024, 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, 2025 and 2024 totaled \$22,668 and \$23,283, respectively.

JEWISH FAMILY SERVICE OF THE LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 7 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, 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>2025</u>	<u>2024</u>
Cash	\$ 533,445	\$ 387,947
Contributions receivable	90,351	22,841
Employee retention credit receivable	123,527	135,500
Investments	<u>7,818,025</u>	<u>7,115,028</u>
Total financial assets	<u>8,565,348</u>	<u>7,661,316</u>

Less: Amounts unavailable for general expenses within one year due to:

Donor restricted for time and purpose restrictions	(168,899)	(202,042)
Board designated	<u>(7,742,872)</u>	<u>(6,977,632)</u>

Financial assets available to meet cash needs for general expenses within one year	<u>\$ 653,577</u>	<u>\$ 481,642</u>
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At June 30, 2025 and 2024, the Organization had board designated amounts totaling \$7,742,872 and \$6,977,632, respectively. With board approval, these amounts could be used to meet cash needs, if necessary.