

**JEWISH FAMILY SERVICE
OF LOS ANGELES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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AUDIT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service of Los Angeles

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jewish Family Service of Los Angeles (JFSLA) (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of JFSLA as of June 30, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of JFSLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JFSLA's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the 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 JFSLA'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JFSLA'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. The accompanying Consolidated Schedule of Awards from the City of Los Angeles is also presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

To the Board of Directors
Jewish Family Service of Los Angeles

Report on Summarized Comparative Information

We have previously audited JFSLA's June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022 on our consideration of JFSLA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JFSLA's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

November 22, 2022
Los Angeles, California

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

With Summarized Totals at June 30, 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 25,802,744	\$ 18,731,015
Investments	11,099,315	12,506,857
Accounts and Other Receivables (Net)	7,794,228	9,569,866
Pledges Receivable (Net)	4,461,407	1,014,239
Beneficial Interest in Charitable Remainder Trusts	2,030,116	2,225,217
Beneficial Interest in Perpetual Trusts	2,916,882	3,494,185
Deposits and Other Assets	612,691	478,887
Land, Buildings and Equipment (Net)	37,857,883	38,089,637
TOTAL ASSETS	\$ 92,575,266	\$ 86,109,903
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 3,022,545	\$ 3,850,781
Accrued Liabilities	1,935,969	2,284,305
Refundable Advances	4,754,746	4,000,707
Notes Payable	4,557,334	4,530,000
Loan Payable (Net)	2,055,038	3,381,435
TOTAL LIABILITIES	16,325,632	18,047,228
NET ASSETS:		
Without Donor Restrictions	50,023,117	44,556,823
With Donor Restrictions	26,226,517	23,505,852
TOTAL NET ASSETS	76,249,634	68,062,675
TOTAL LIABILITIES AND NET ASSETS	\$ 92,575,266	\$ 86,109,903

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With Summarized Totals for the Year Ended June 30, 2021

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES:				
Government Fees	\$ 18,896,359	\$ -	\$ 18,896,359	\$ 12,796,692
Client Fees, Program Income and Reimbursements	6,038,076	-	6,038,076	6,447,854
Contributions	3,102,062	1,205,929	4,307,991	6,128,135
Special Events (Net of Direct Expenses of \$153,100)	1,369,883	-	1,369,883	1,040,739
Grants	18,088,798	5,761,329	23,850,127	18,827,655
Jewish Federation Council Grants	-	2,401,334	2,401,334	3,448,500
Grants Passed Through Jewish Federation Council	450,000	-	450,000	586,974
Gifts-In-Kind	1,225,699	-	1,225,699	1,678,795
Change in Value of Charitable Remainder Trusts	-	(195,101)	(195,101)	233,583
Change in Value of Beneficial Interest in Perpetual Trusts	-	(577,303)	(577,303)	649,274
Investment Return (Net)	(125,519)	(375,814)	(501,333)	1,459,936
Rental and Other Income	156,251	-	156,251	83,479
Net Assets Released from Donor Restrictions	5,499,709	(5,499,709)	-	-
TOTAL REVENUES	54,701,318	2,720,665	57,421,983	53,381,616
EXPENSES:				
Program Services	42,893,652	-	42,893,652	38,715,356
Supporting Services	8,855,194	-	8,855,194	7,518,625
TOTAL EXPENSES	51,748,846	-	51,748,846	46,233,981
CHANGE IN NET ASSETS BEFORE OTHER INCOME	2,952,472	2,720,665	5,673,137	7,147,635
OTHER INCOME:				
Paycheck Protection Program Loan Forgiveness	-	-	-	3,889,719
Forgiveness of Note Payable	100,000	-	100,000	-
Employee Retention Credits	2,413,822	-	2,413,822	4,715,877
TOTAL OTHER INCOME	2,513,822	-	2,513,822	8,605,596
CHANGE IN NET ASSETS	5,466,294	2,720,665	8,186,959	15,753,231
Net Assets - Beginning of Year	44,556,823	23,505,852	68,062,675	52,309,444
NET ASSETS - END OF YEAR	<u>\$ 50,023,117</u>	<u>\$ 26,226,517</u>	<u>\$ 76,249,634</u>	<u>\$ 68,062,675</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021

	Program Services					Nonprofit Consulting Services	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
	Nutrition and Hunger	Senior/Older Adults	Children and Families	Counseling	Shelter Services			Management and General	Fundraising		2022	2021
Salaries	\$ 1,659,431	\$ 11,513,462	\$ 1,015,007	\$ 508,830	\$ 1,727,712	\$ 100,020	\$ 16,524,462	\$ 3,773,092	\$ 902,252	\$ 4,675,344	\$ 21,199,806	\$ 18,986,467
Payroll Taxes and Employee Benefits	571,147	2,604,595	264,953	136,212	529,009	22,963	4,128,879	1,421,657	162,452	1,584,109	5,712,988	5,989,034
Employee Expenses	13,264	109,529	7,881	5,636	4,455	600	141,365	94,176	5,985	100,161	241,526	139,536
TOTAL PERSONNEL COSTS	2,243,842	14,227,586	1,287,841	650,678	2,261,176	123,583	20,794,706	5,288,925	1,070,689	6,359,614	27,154,320	25,115,037
Direct Client Services	1,448,105	14,105,124	1,414	427,060	376,056	-	16,357,759	5,496	3,981	9,477	16,367,236	14,200,602
Gifts-In-Kind	1,205,699	-	-	-	-	-	1,205,699	-	20,000	20,000	1,225,699	1,678,795
Professional and Temporary Services	122,795	541,515	27,522	18,745	3,911	-	714,488	356,727	88,917	445,644	1,160,132	1,165,865
Rent and Occupancy	457,263	213,718	31,056	65,079	139,344	2,812	909,272	116,122	20,655	136,777	1,046,049	1,105,599
Depreciation and Amortization	190,501	322,399	10,987	18,271	16,882	9,670	568,710	313,572	52,934	366,506	935,216	146,473
Equipment and Building Purchases	132,012	158,054	8,029	1,827	11,169	132	311,223	368,659	47,807	416,466	727,689	324,921
Property Taxes and Insurance	88,564	288,862	36,818	22,855	88,810	2,626	528,535	85,539	16,933	102,472	631,007	393,528
Interest and Other Fees	95,239	75,448	2,030	9,139	1,136	1,241	184,233	271,555	31,001	302,556	486,789	208,162
Data Communications	62,629	189,906	29,979	10,719	47,573	1,340	342,146	75,302	10,655	85,957	428,103	484,450
Supplies and Materials	145,586	73,305	6,712	6,172	23,839	301	255,915	23,959	20,249	44,208	300,123	268,823
Security	114,809	74,802	11,184	9,500	11,183	983	222,461	36,090	6,822	42,912	265,373	147,778
Miscellaneous	4,047	6,351	-	261	-	-	10,659	202,205	1,000	203,205	213,864	65,290
Publicity and Advertising	110	64,047	10,644	-	-	-	74,801	355	133,672	134,027	208,828	330,634
Program Activities	1,881	188,615	552	184	356	-	191,588	3,233	7,565	10,798	202,386	234,033
Equipment, Repairs and Maintenance	91,911	26,440	2,839	2,095	15,743	233	139,261	24,131	2,044	26,175	165,436	137,634
Dues and Subscriptions	323	29,646	731	120	435	3	31,258	81,823	953	82,776	114,034	122,298
Printing and Reproduction	4,473	17,809	164	125	18	1	22,590	45,957	9,243	55,200	77,790	57,932
Postage and Delivery	2,650	20,199	2,108	711	2,503	177	28,348	6,979	3,445	10,424	38,772	46,127
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 6,412,439	\$ 30,623,826	\$ 1,470,610	\$ 1,243,541	\$ 3,000,134	\$ 143,102	\$ 42,893,652	\$ 7,306,629	\$ 1,548,565	\$ 8,855,194	\$ 51,748,846	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 6,585,483	\$ 26,726,430	\$ 1,248,991	\$ 1,478,444	\$ 2,548,923	\$ 127,085	\$ 38,715,356	\$ 6,142,118	\$ 1,376,507	\$ 7,518,625		\$ 46,233,981

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With Summarized Totals for the Year Ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 8,186,959	\$ 15,753,231
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	935,216	146,473
Amortization of Loan Issuance Cost	45,413	-
Paycheck Protection Program Loan Forgiveness	-	(3,889,719)
Forgiveness of Note Payable	(100,000)	-
Employee Retention Credits	(2,413,822)	(4,715,877)
Net Realized and Unrealized (Gain) Loss on Investments	803,486	(1,184,552)
Donated Stocks	(182,797)	(169,546)
Proceeds on Sale of Donated Stocks	181,774	-
Contributions Required to Be Held in Perpetuity	(23,000)	(52,190)
Contributions Restricted for Capital Campaign	-	(382,700)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	195,101	(233,583)
Change in Value of Beneficial Interest in Perpetual Trusts	577,303	(649,274)
(Increase) Decrease in:		
Accounts and Other Receivables	4,189,460	(377,188)
Pledges Receivable	(3,840,272)	(51,017)
Deposits and Other Assets	(133,804)	(122,141)
Increase (Decrease) in:		
Accounts Payable	(828,236)	(2,091,297)
Accrued Liabilities	(348,336)	487,050
Refundable Advances	754,039	(307,252)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,998,484	2,160,418
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(508,462)	(3,619,623)
Reinvested Interest and Dividends (Net)	(173,010)	(119,526)
Proceeds from Sale of Investments	3,378,170	4,950,310
Purchase of Investments	(2,600,081)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	96,617	1,211,161
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Contributions Required to Be Held in Perpetuity	96,533	88,955
Proceeds from Contributions Restricted for Capital Campaign	319,571	3,080,449
Proceeds from Notes Payable	-	444,912
Payments on Notes Payable	(67,666)	-
Proceeds from Paycheck Protection Program Loan	-	413,319
Payments on Loan Payable	(1,371,810)	(4,412,294)
NET CASH USED IN FINANCING ACTIVITIES	(1,023,372)	(384,659)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,071,729	2,986,920
Cash and Cash Equivalents - Beginning of Year	18,731,015	15,744,095
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 25,802,744	\$ 18,731,015

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With Summarized Totals for the Year Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	<u>\$ 191,123</u>	<u>\$ -</u>
Interest Capitalized during the Year	<u>\$ 11,301</u>	<u>\$ 166,223</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES:		
Property and Equipment Financed by Notes and Loan Payable	<u>\$ 195,000</u>	<u>\$ 10,621,119</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - ORGANIZATION

Jewish Family Service of Los Angeles (JFSLA) is a diversified social service agency, providing a comprehensive range of services. From its beginning in 1854, JFSLA has evolved along with a changing community and currently serves tens of thousands of people annually at various sites located throughout the County of Los Angeles. JFSLA serves clients of all ages, ethnicities and religions.

JFSLA's goals are to strengthen and preserve individual, family and community life by providing a wide range of social services to people in need. For more than 165 years, JFSLA has provided compassionate social services to all in need regardless of age, ethnicity, religion or ability to pay. JFSLA counsels families, supports the elderly, feeds the hungry, assists the disabled, and empowers survivors of violence to create independent lives. JFSLA connects older adults and people with disabilities to vital resources, and helps relatives and friends care for loved ones, young and old.

JFSLA employs a dedicated staff of about 260 people, including licensed social workers, psychiatrists, psychologists, nurses and case managers. They are joined by hundreds of dedicated volunteers. A volunteer program, including recruitment, training and placement within JFSLA, provides resources upon which many JFSLA programs rely.

JFS Care, a California nonprofit public benefit corporation, was founded in 2011 and employs about 190 people. It was formed with the primary purpose of providing in-home care services to individuals and families, and to connect those individuals and families with additional services. JFS Care was formed, and is operated exclusively to support JFSLA, and is controlled by JFSLA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of JFSLA and JFS Care. All significant inter-company transactions and balances have been eliminated on consolidation.

(b) BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and emergency needs.
- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2022 approximates its fair value.

(e) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investments held in the Common Investment Pool managed by the Jewish Community Foundation (JCF) are valued by JCF using the net asset value method. These investments (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investment in Real Property LLC is based on the appraised value of the property, which approximates fair value.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS (continued)

Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the consolidated statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

(f) ACCOUNTS AND OTHER RECEIVABLES AND RELATED REVENUE RECOGNITION

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2022, JFSLA has established an allowance for uncollectible accounts receivable in the amount of \$178,782.

JFSLA's revenues from contracts with customers are generated from client fees, program income and reimbursements.

Client fees revenue is earned from contracts with individuals for the provision of in-home care services, housekeeping, and transportation and is generally billed based on a pre-determined hourly rate for hours incurred by caregivers and third-party vendors after the services are provided. Program income and reimbursements consist of fees collected from various programs managed by JFSLA. Revenue from contract with customers is recognized over time during the period of service when the respective performance obligations are satisfied.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) CONTRIBUTIONS AND PLEDGES RECEIVABLE

JFSLA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. JFSLA reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Pledges are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable, and are adjusted annually. A discount rate of 2% has been used to calculate the present value of pledges receivable. At June 30, 2022, JFSLA evaluated the collectability of pledges receivable. Pledges receivable at June 30, 2022, are net of an allowance for uncollectible pledges of \$144,880.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. JFSLA had no conditional pledges as of June 30, 2022.

A portion of JFSLA's revenue is derived from fee-for-service and cost reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when JFSLA has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. JFSLA has elected to adopt a policy whereby donor-restricted grants and contributions that were initially conditional and whose conditions and restrictions are met in the same reporting period are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as refundable advances in the consolidated statement of financial position.

During the year ended June 30, 2022, JFSLA qualified for the Employee Retention Credit (ERC), a refundable payroll tax credit program enacted by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. Under the provisions of the ERC program, an eligible entity may take a credit against the employer's portion of Social Security taxes withheld on qualified wages subject to certain limitations. JFSLA has accounted for the ERC as a conditional government grant and considers that it substantially met the various conditions prescribed in the ERC program for the period of July through September 2021 and accordingly, has recognized ERC income totaling \$2,413,822 in the accompanying consolidated statement of activities. Included in accounts and other receivables at June 30, 2022 is ERC credits expected to be collected within one year of \$3,053,888.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

JFSLA has been designated as the beneficiary of assets held in charitable remainder trusts administered by other trustees. JFSLA recognizes contribution revenue with donor restrictions and, as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to JFSLA are recognized in the consolidated statement of activities as a change in value of beneficial interest in charitable remainder trusts. JFSLA has been named as a beneficiary for several living trusts and wills. Due to the conditional nature of these trusts and wills, no amounts have been recorded on the accompanying consolidated financial statements.

(i) BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Donors have established and funded trusts, which are administered by third parties other than JFSLA. Under the terms of each trust, JFSLA has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. JFSLA does not control the assets held by the outside trusts. Annual distributions from the trusts are reported as investment income. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the consolidated statement of activities as a change in value of beneficial interest in perpetual trusts.

(j) LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the related assets. Land, buildings and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

Buildings and Improvements	10 - 40 Years
Furniture, Vehicles and Equipment	3 - 5 Years
Leasehold Improvements	Lease Term

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for fixed assets from certain grant funds are expensed when acquired because the grantor retains title to such assets.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) LONG-LIVED ASSETS

JFSLA evaluates the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2022.

(l) REFUNDABLE ADVANCES

Grant funds are recognized as revenue in accordance with the term of the grant and when funds are expended for grant purposes. Refundable advances include both amounts received in excess of funds expended to date as well as grant amounts awarded and not yet expended. In accordance with the term of the grant, each contract must be treated as a separate fund; therefore, continuing programs that accrue debts related to one contract period cannot be paid by cash advances related to another contract period.

(m) LOAN ISSUANCE COSTS

Loan issuance costs are amortized by use of the straight-line method over the anticipated life of the related debt. Loan issuance costs are netted against the long term portion of the corresponding liability as reflected in the consolidated statement of financial position.

(n) GIFTS-IN-KIND

Gifts-in-kind are recorded as contributions at their estimated fair value in the period received and expensed when utilized. Gifts-in-kind are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated gifts-in-kind are not sold but rather used for JFSLA's operations.

Gifts-in-kind that consist of donated services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have donated significant amounts of their time to JFSLA. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) PUBLICITY AND ADVERTISING

Publicity and advertising costs are expensed as incurred. Total publicity and advertising expense were \$208,828 or the year ended June 30, 2022.

(p) INCOME TAXES

JFSLA is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of California law.

JFSLA is subject to income taxes for unrelated business income, if any, realized in connection with unrelated business activities.

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification (ASC) Topic No. 740, *Uncertainty in Income Taxes*, JFSLA recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2022, JFSLA performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

(q) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing JFSLA's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. JFSLA uses full-time equivalents to allocate indirect costs.

(r) CONCENTRATION OF CREDIT RISK

JFSLA maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. JFSLA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

JFSLA is a beneficiary agency of the Jewish Federation Council of Greater Los Angeles (JFC). Approximately 4% of JFSLA's revenue and support is provided by JFC.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) CONCENTRATION OF CREDIT RISK (continued)

Approximately 33% of JFSLA's total revenues is provided by various government agencies. Included in the accounts and other receivables balance at June 30, 2022 is \$3,850,773 of government contracts receivable due from city, county, state, and federal granting agencies. Concentration of credit risk with respect to these receivables is limited, as the majority of JFSLA's receivables are from government agencies.

Approximately 31% of JFSLA's revenue and support is provided by one non-government grant. There were no accounts receivable related to this grantor at June 30, 2022.

Approximately 68% of JFSLA's labor force is covered by a collective bargaining agreement, which covers the period of July 1, 2019 through June 30, 2022. The agreement provided a 3% wage increase in the first year and a 2.5% increase in each of the following two years of the agreement period.

(s) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(t) RECLASSIFICATION

Certain June 30, 2021 amounts have been reclassified, where appropriate, to conform to the presentation used at June 30, 2022.

(u) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JFSLA's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the consolidated financial statements. For JFSLA, the ASU will be effective for the year ending June 30, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. JFSLA implemented the ASU during the year ending June 30, 2022. There was no significant impact to JFSLA's consolidated financial statements as a result of the implementation of the ASU. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the ASU.

(w) SUBSEQUENT EVENTS

JFSLA has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2022 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 22, 2022, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 15.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 3 - INVESTMENTS

At June 30, 2022, investments consist of the following:

Money Market Funds and Cash Equivalents	\$	345,514
Mutual Funds:		
Large Cap Equity		2,856,838
Small Cap Equity		343,569
Foreign Markets		768,104
Fixed Income		5,283,401
Alternative Investments		1,127,610
Jewish Community Foundation Common Investment Pool - Other Investments		<u>374,279</u>
TOTAL INVESTMENTS		<u><u>\$ 11,099,315</u></u>

NOTE 4 - FAIR VALUE MEASUREMENTS

JFSLA has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about JFSLA's assets that are measured at fair value on a recurring basis at June 30, 2022 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

	Year Ended June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds and Cash Equivalents	\$ 345,514	\$ 345,514	\$ -	\$ -
Mutual Funds:				
Large Cap Equity	2,856,838	2,856,838	-	-
Small Cap Equity	343,569	343,569	-	-
Foreign Markets	768,104	768,104	-	-
Fixed Income	5,283,401	5,283,401	-	-
Alternative Investments	1,127,610	1,127,610	-	-
TOTAL MUTUAL FUNDS	10,379,522	10,379,522	-	-
Jewish Community Foundation Common Investment Pool - Other Investments	374,279	-	374,279	-
TOTAL INVESTMENTS	11,099,315	10,725,036	374,279	-
Beneficial Interest in:				
Charitable Remainder Trusts	2,030,116	-	-	2,030,116
Perpetual Trusts	2,916,882	-	-	2,916,882
TOTAL	\$ 16,046,313	\$ 10,725,036	\$ 374,279	\$ 4,946,998

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair values of the common investment pool partnership interest, and beneficial interest in charitable remainder trusts and perpetual trusts were determined as described in Notes 2(e), 2(h), and 2(i).

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trusts	Total
Beginning Balance	\$ 2,225,217	\$ 3,494,185	\$ 5,719,402
Distributions	-	-	-
Change in Fair Value/ Beneficial Interest	(195,101)	(577,303)	(772,404)
ENDING BALANCE	\$ 2,030,116	\$ 2,916,882	\$ 4,946,998

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2022 are expected to be collected as follows:

Within One Year	\$ 1,616,691
In One to Five Years	<u>3,212,643</u>
TOTAL	4,829,334
Less: Allowance for Doubtful Pledges	(144,880)
Less: Present Value Discount	<u>(223,047)</u>
PLEDGES RECEIVABLE (NET)	<u>\$ 4,461,407</u>

NOTE 6 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

JFSLA is the beneficiary of one charitable remainder trust, the assets of which are administered by other trustees. Assets held in charitable remainder trust totaled \$2,030,116 at June 30, 2022, representing the portion of the net present value of the charitable remainder trust for which JFSLA is the designated beneficiary.

NOTE 7 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JFSLA is the 100% beneficiary of eleven perpetual trusts and the 16.67%-25.00% beneficiary of four perpetual trusts whose assets are held by a third party trustee. JFSLA has legally enforceable rights or claims to the annual income. The carrying value of JFSLA's portion of these perpetual trusts at June 30, 2022 was \$2,916,882.

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at June 30, 2022:

Land	\$ 1,728,590
Construction in Process	653,962
Buildings and Improvements	42,522,065
Furniture, Vehicles and Equipment	1,537,614
Leasehold Improvements	<u>538,338</u>
TOTAL	46,980,569
Less: Accumulated Depreciation and Amortization	<u>(9,122,686)</u>
LAND, BUILDINGS AND EQUIPMENT (NET)	<u>\$ 37,857,883</u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$935,216.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT (continued)

In 1996, JFSLA and the City of Los Angeles owned, as tenants-in-common, certain real property used as a Multiservice Center for senior citizens. In 1997, the City of Los Angeles sold the property to JFSLA in return for a note in the amount of \$350,000. This note was fully forgiven during the year ended June 30, 2013.

In July 2022, JFSLA completed the construction its new headquarters building, bringing together administrative offices and its flagship service center.

NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022 consist of the following:

Accrued Vacation	\$	650,196
Accrued Payroll		838,356
CARES Act Payroll Tax Deferral		408,665
Other		38,752
TOTAL ACCRUED LIABILITIES	\$	1,935,969

NOTE 10 - LINE OF CREDIT

JFSLA has a real estate line of credit with a financial institution due April 15, 2024 in the amount of \$5,800,000. The line is secured by certain real estate of JFSLA and bears interest at the prime rate less 0.75%, subject to an interest rate floor of 2.75%. At June 30, 2022, there were no draws on the line of credit and the entire amount was available. At June 30, 2022, the prime rate was 4.75%. This line of credit contains various covenants. At June 30, 2022, JFSLA was in compliance with all applicable covenants.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 11 - NOTES PAYABLE

Notes payable at June 30, 2022 consists of the following:

Note Payable to the City of Los Angeles Housing Department (LAHD) as successor to the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) in the Original Principal Amount of \$175,000. Secured by First Deed of Trust on land and buildings of the Gramercy Shelter, principal and interest at 3% due in annual payments made exclusively from Residual Receipts (as Defined in the Loan Agreement) derived from the Project at the financed property. No Residual Receipts are anticipated as the Gramercy Shelter does not charge fees for use. The Note Payable was due July 2016 and final approval of the forgiveness is pending. \$ 175,000

Note Payable to the U.S. Department of Housing and Urban Development (HUD) passed through the City of Los Angeles Housing and Community Investment Department (HCID) in the Original Principal Amount of \$1,950,000 for reimbursement of certain project construction costs. Secured by a Deed of Trust on the real property of the Gunther-Hirsh Family Center with an interest rate of 0%. To be forgiven in \$100,000 increments over 19.5 years commencing upon project completion in July 2022. 1,850,000

Note Payable to Pacific Western Bank entered into for the purchase of certain real property. Secured by the property, payable in monthly installments of \$13,088, including interest at 3.50%, due from October 2021 through May 2031 with the remaining unpaid principal and interest balance due in June 2031. The note is prepayable at any time without penalty. 2,532,334

TOTAL NOTES PAYABLE \$ 4,557,334

No interest expense on the forgivable LAHD and HUD notes payable was recognized during the year ended June 30, 2022. Forgiveness of note payable of \$100,000 was recognized during the year ended June 30, 2022 and is included in other income in the consolidated statement of activities.

The future maturities of the notes payable at June 30, 2022, are as follows:

Year Ending June 30

2023	\$	168,487
2024		170,720
2025		173,508
2026		176,160
2027		178,907
Thereafter		<u>3,689,552</u>
TOTAL	\$	<u>4,557,334</u>

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 12 - LOAN PAYABLE

In November 2017, JFSLA entered into a loan agreement with Pacific Western Bank (the lender) and Colorado Educational and Cultural Facilities Authority (the authority). Under the terms of the agreement the lender agreed to loan up to \$15,125,000 to the authority in return for tax-exempt Series R-1 bonds. The authority in turn agreed to lend the loan proceeds to JFSLA to finance the construction of a new facility. The agreement called for an initial loan disbursement of \$50,001 upon closing.

The loan proceeds accrue interest at a fixed 3.75% interest rate or at a variable one-month LIBOR rate at the option of JFSLA. At June 30, 2022, the LIBOR rate was 1.49%. Interest is payable monthly. As of June 30, 2022, the repayment of the loan proceeds was scheduled to be in a series of principal and interest monthly payments of \$12,269 until maturity in November 2045, unless otherwise prepaid. The loan agreement permits optional prepayments without penalty. At June 30, 2022, the balance due on the loan payable was \$2,287,015.

The loan agreement contains various covenants. At June 30, 2022, JFSLA was in compliance with all applicable covenants.

The future maturities of the loan payable at June 30, 2022, are as follows:

Year Ending June 30

2023	\$ 62,521
2024	64,679
2025	67,374
2026	69,944
2027	72,613
Thereafter	<u>1,949,884</u>
TOTAL	<u><u>\$ 2,287,015</u></u>

The loan payable provided for the payment of loan issuance costs totaling \$277,390. Loan issuance costs are amortized using the straight-line method over the term of the loan payable. At June 30, 2022, loan issuance costs of \$231,977 are included as a reduction of loan payable on the consolidated statement of financial position.

NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2022:

Undesignated	\$ 46,820,793
Board Designated:	
Emergency Needs Reserve Fund	2,590,054
Operating Reserve	<u>612,270</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$ 50,023,117</u></u>

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

The Board designated, from net assets without donor restrictions, certain funds for emergency needs included in the emergency needs reserve fund. In addition, the Board set aside funds for planned special and capital projects in the operating reserve fund.

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022:

Subject to Passage of Time:	
Beneficial Interests in Charitable Remainder Trusts	\$ 2,030,116
Subject to Expenditure for Specified Purpose:	
Early Childhood	4,791,912
Other Programs	2,083,934
Holocaust Survivor Services	1,883,982
SOVA Program	1,652,422
Jona Goldrich Multipurpose Center	989,224
Central Access	950,269
Resource Development	929,384
Jewish Community Programs	<u>517,381</u>
TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	13,798,508
Subject to Appropriation or Spending Policy:	
Donor-Restricted Perpetual Endowments:	
Capital Campaign	1,235,922
Other Endowments	5,379,450
Unspent Endowment Earnings	<u>865,639</u>
TOTAL SUBJECT TO APPROPRIATION OR SPENDING POLICY	7,481,011
Not Subject to Appropriation or Spending Policy:	
Beneficial Interests in Perpetual Trusts	<u>2,916,882</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 26,226,517</u>

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2022:

Satisfaction of Purpose Restrictions:	
Holocaust Survivor Services	\$ 1,399,933
Other Programs	1,105,435
Early Childhood	639,188
Jewish Community Programs	631,803
Central Access	549,663
SOVA Program	407,384
Jona Goldrich Multipurpose Center	402,441
Special Needs	<u>363,862</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>5,499,709</u>

NOTE 15 - RETIREMENT BENEFITS

JFSLA participates with other agencies in the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles, (employer identification number: 95-1643388; plan number: 001), a multiemployer defined benefit and contribution pension plan (Multiemployer Plan). The risks of participating in a Multiemployer Plan are different from single-employer plans in the following aspects:

- Assets contributed to a Multiemployer Plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a Multiemployer Plan, the unfunded obligations of the Multiemployer Plan may be borne by the remaining participating employers.
- If JFSLA chooses to stop participating in the Multiemployer Plan, JFSLA may be required to pay the Multiemployer Plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Multiemployer Plan covers employees hired prior to January 1, 2006 and is subject to a collective bargaining agreement which expired on June 30, 2022 and which was subsequently renewed through June 30, 2025. JFSLA's employer contributions under this plan for the year ended June 30, 2022 were \$1,464,662. JFSLA's contributions during the Multiemployer Plan year ended December 31, 2021 represented greater than 5% of total contributions to the Multiemployer Plan (per the most recently available annual report). Management believes the Multiemployer Plan may be underfunded; however, the amount that may be attributable to JFSLA is indeterminable at this time and, therefore, any potential underfunding is not reflected on the accompanying consolidated financial statements.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 15 - RETIREMENT BENEFITS (continued)

The Multiemployer Plan's zone status, as defined by the Pension Plan Protection Act (the Act), for the year ended December 31, 2021, was considered to be in the "Green Zone" because the Multiemployer Plan's funded percentage was more than 80%. For the year ended December 31, 2021, the Multiemployer Plan's funded percentage was 89.9%. The funded percentage is determined by dividing the value of the plan's assets by the plan's liability for accrued pension benefits, measured as of the first day of the plan year.

The Multiemployer Plan adopted a Funding Improvement Plan on November 12, 2008 to meet compliance requirements under the Act. The Funding Improvement Plan provided for the Multiemployer Plan to continue its funding policy as described above. In November 2011, the Funding Improvement Plan was updated to adjust the schedule of projected contributions in future years, in order to ensure that the Multiemployer Plan would remain on target to achieve the required goals of the Funding Improvement Plan. The current Funding Improvement Plan is no longer in effect since the Plan is no longer in endangered status.

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the Multiemployer Plan currently and in future years. The funding policy of the Multiemployer Plan is to fund the plan based on contributions from the Participating Employers. The Participating Employers are required to make contributions that, collectively, are designed to meet or exceed the minimum ERISA funding requirements. The minimum ERISA funding requirements are determined by an actuary on an annual basis. The Participating Employers' contributions for the Multiemployer Plan's year ended December 31, 2021 exceeded the minimum funding requirements of ERISA.

Effective January 1, 2006, new employees are no longer eligible to participate in the Multiemployer Plan; instead they are eligible to participate in the defined contribution plan, which provides contributions at a set percentage of eligible compensation. JFSLA made contributions of \$491,925 to this defined contribution plan for the year ended June 30, 2022.

NOTE 16 - GIFTS IN-KIND

For the year ended June 30, 2022, gifts-in-kind consist of the following:

Category	Valuation Methodology	Amount
Food	Feeding America Average Wholesale Value of \$1.79 per Pound	\$ 1,202,246
Household Goods, Hygiene Products and Other Supplies	Wholesale Prices of Identical of Similar Products	3,453
Marketing Media	Standard rate charged by vendor	20,000
TOTAL		\$ 1,225,699

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 17 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

JFSLA leases facilities and equipment under operating leases with various terms expiring through June 2027. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more are as follows:

Years Ending June 30

2023	\$	381,235
2024		129,878
2025		112,905
2026		103,453
2027		103,453
TOTAL	\$	830,924

Rent expense under operating leases for the year ended June 30, 2022 was \$543,937 and is included in rent and occupancy in the consolidated statement of activities.

(b) CONTRACTS

JFSLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

NOTE 18 - ENDOWMENTS

JFSLA's endowments consist of funds established for a variety of purposes. Endowment funds are established by gifts with donor restrictions and bequests to either provide a permanent endowment, which is to provide a permanent source of income to JFSLA, or a term endowment, which is to provide income for a specified period to JFSLA. Beneficial interests in perpetual trusts administered by outside trustees are not considered part of JFSLA's endowments.

JFSLA's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on endowments required to be held in perpetuity, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

NOTE 18 - ENDOWMENTS (continued)

The primary long-term financial objective for JFSLA's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of ten years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds JFSLA's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

JFSLA has developed a spending policy that will distribute a specific payout rate of the endowment base to support JFSLA's programs. The endowment base has been defined as a 12-quarter moving average of the market value of the total endowment portfolio. The distribution or payout rate will be at 5% of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require JFSLA to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations. In accordance with generally accepted accounting principles, there are no deficiencies of this nature that are reported in net assets without donor restrictions at June 30, 2022.

At June 30, 2022, JFSLA's endowment net assets composition by type of fund as follows:

Endowment Net Asset Composition by Type of Fund at June 30, 2022	<u>With Donor Restrictions</u>
Donor-Restricted:	
Original Donor-Restricted Gift Amount	\$ 6,615,372
Accumulated Investment Return	<u>865,639</u>
ENDOWMENT NET ASSETS - JUNE 30, 2022	<u><u>\$ 7,481,011</u></u>

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

Endowment Net Assets -	
Beginning of Year	\$ 7,836,326
Contributions	23,000
Investment Return (Net)	(375,815)
Appropriations	<u>(2,500)</u>
ENDOWMENT NET ASSETS - END OF YEAR	<u><u>\$ 7,481,011</u></u>

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2022

NOTE 19 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by JFSLA at June 30, 2022 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Financial Assets at June 30, 2022:	
Cash and Cash Equivalents	\$ 25,802,744
Investments	11,099,315
Accounts and Other Receivables (Net)	7,794,228
Pledges Receivable (Net)	4,461,407
Beneficial Interest in Charitable Remainder Trusts	2,030,116
Beneficial Interest in Perpetual Trusts	<u>2,916,882</u>
TOTAL FINANCIAL ASSETS AT JUNE 30, 2022	54,104,692
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Beneficial Interest in Perpetual Trusts	(2,916,882)
Donor-Restricted Endowment Funds	(7,481,011)
Funds Held with Purpose Restrictions *	(8,496,494)
Beneficial Interest in Charitable Remainder Trusts	(2,030,116)
Pledges Restricted by Purpose or Time	(4,655,330)
Accounts Receivable Restricted by Purpose	(646,684)
Board-Imposed Designations:	
Board Designated Reserve Funds	<u>(3,202,324)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 24,675,851</u>

* Funds Held with Purpose Restrictions include a combination of cash and cash equivalents and investments.

JFSLA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. JFSLA is substantially supported by contributions and government grants and contracts. As part of JFSLA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

JFSLA has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities, and a \$5,800,000 line of credit with the entire balance available at June 30, 2022. In addition, JFSLA has Board designated reserve funds of \$3,202,324 at June 30, 2022 that could be drawn upon for liquidity needs.

**JEWISH FAMILY SERVICE
OF LOS ANGELES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

JEWISH FAMILY SERVICE OF LOS ANGELES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Grant Period	Contract and/or Passed through Grantor's Number	Assistance Listing Number	Disbursements or Expenditures
U.S. Department of Health and Human Services				
Direct Award				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	15-Jan-22 to 14-Jan-23	5H79SM080624-03	93.243	\$ 299,526
Passed through City of Los Angeles Department of Aging:				
West Wilshire C1	1-Jul-21 to 30-Jun-22	C-139339-2	93.045	344,120
West Wilshire C2	1-Jul-21 to 30-Jun-22	C-139339-2	93.045	324,136
NSIP-West Wilshire C1	1-Jul-21 to 30-Jun-22	C-139339-2	93.053	25,685
NSIP-West Wilshire C2	1-Jul-21 to 30-Jun-22	C-139339-2	93.053	27,958
City C1-Congregate (Westside)	1-Jul-21 to 30-Jun-22	C-139339-2	93.045	97,407
City C2-Home Delivered (Westside)	1-Jul-21 to 30-Jun-22	C-139339-2	93.045	190,963
City C1-NSIP (Westside)	1-Jul-21 to 30-Jun-22	C-139339-2	93.053	24,132
City C2-NSIP (Westside)	1-Jul-21 to 30-Jun-22	C-139339-2	93.053	26,268
OASIS	1-Jul-21 to 30-Jun-22	C-139305	93.044	35,731
City IIIB-Westside	1-Jul-21 to 30-Jun-22	C-139339	93.044	186,887
City IIIB-West Wilshire	1-Jul-21 to 30-Jun-22	C-139339	93.044	198,573
Passed through County of Los Angeles:				
County Congregate Meals C1	1-Jul-21 to 30-Jun-22	ENP202114	93.045	530,746
County C1-NSIP	1-Jul-21 to 30-Jun-22	ENP202114	93.053	27,028
County C2-Home Delivered Meals	1-Jul-21 to 30-Jun-22	ENP202114	93.045	236,609
County C2-NSIP	1-Jul-21 to 30-Jun-22	ENP202114	93.053	40,763
County Telephone Reassurance	1-Jul-21 to 30-Jun-22	ENP202114	93.044	3,000
Supportive Services Program	1-Jul-21 to 30-Jun-22	SSP192010	93.044	48,712
TOTAL AGING CLUSTER				<u>2,368,718</u>
Passed through State of California Department of Aging:				
Multi-Purpose Senior Service Program, Medicaid Cluster (a)	1-Jul-21 to 30-Jun-22	MS-2122-04	93.778	799,537
Passed through County of Los Angeles:				
County of LA CalWORKs	1-Jul-21 to 30-Jun-22	PH-004250	93.558	338,940
County of LA SAPC	1-Jul-21 to 30-Jun-22	PH-002782	93.959	345,850
COVID-19 - City of L.A. HCID CSBG CARES 2020-22	1-Aug-20 to 31-May-22	C-137321	93.569	171,378
Total U.S. Department of Health and Human Services				<u>4,323,949</u>

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JEWISH FAMILY SERVICE OF LOS ANGELES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Grant Period	Contract and/or Passed through Grantor's Number	Assistance Listing Number	Disbursements or Expenditures
U.S. Department of Homeland Security				
Passed through United Way of Greater LA				
COVID-19 - EFSP for SOVA Community Food & Resource Center	27-Jan-20 to 31-Oct-21	Phase CARES	97.024	\$ 47,942
Total U.S. Department of Homeland Security				<u>47,942</u>
U.S. Department of Housing and Urban Development:				
Passed through Los Angeles Homeless Services Authority:				
HUD CoC (JFS Hope) 2021-22	1-Apr-22 to 31-Mar-23	CA0372L9D002114	14.267	62,587
HUD CoC (JFS Hope) 2020-21	1-Apr-21 to 31-Mar-22	CA0372L9D002013	14.267	<u>198,911</u>
				261,498
Passed through City of Los Angeles				
Community Investment Department:				
City of L.A. CIFD DVSO 2021-22 (a)	1-Jul-21 to 30-Jun-22	C-138707	14.218	247,754
City of L.A. CIFD Survivor First 2021-22 (a)	1-Jul-21 to 30-Jun-23	C-138921	14.218	490,076
City of LA-EBP West Wilshire (a)	1-Jul-21 to 30-Jun-22	C-139312-1	14.218	18,750
City of LA-EBP Westside (a)	1-Jul-21 to 30-Jun-22	C-139312-1	14.218	<u>18,750</u>
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER				<u>775,330</u>
Total U.S. Department of Housing and Urban Development				<u>1,036,828</u>
U.S. Department of Justice:				
Passed through State of California Office of Criminal Justice Planning:				
State of CA OES - JFS Hope	1-Oct-20 to 30-Sep-22	DV20201773	16.575	272,965
State of CA OES - XH (Transitional)	1-Jan-21 to 31-Dec-21	XH20031773	16.575	30,654
County of LA District Attorney's Office - XC	1-Jan-21 to 31-Dec-21	DV9-2021	16.575	37,821
County of LA District Attorney's Office - XC	1-Jan-22 to 31-Dec-22	DV9-2022	16.575	43,474
State of CA OES - Hope North	1-Oct-20 to 30-Sep-22	DV20171773	16.575	331,547
State of CA OES - XH (Transitional)	1-Jan-22 to 31-Dec-22	XH21041773	16.575	<u>19,205</u>
Total U.S. Department of Justice				<u>735,666</u>
TOTAL FEDERAL AWARDS				<u>\$ 6,144,385</u>

(a) Audited as a Major Program

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JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Consolidated Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of JFSLA under programs of the Federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of JFSLA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of JFSLA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

JFSLA has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Total Disbursements or Expenditures by Assistance Listing Number are summarized as follows:

Assistance Listing Number	Program Description	Disbursements or Expenditures
14.218	Community Development Block Grants/Entitlement Grants	\$ 775,330
14.267	HUD CoC (JFS Hope)	261,498
16.575	State of California OES	735,666
93.044	Special Programs for the Aging Title III Part B	472,903
93.045	Special Programs for the Aging Title III Part C	1,723,981
93.053	Nutritional Services Incentive Program	171,834
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	299,526
93.558	Emergency Shelter Program for Battered Women and Children	338,940
93.569	Community Services Block Grant	171,378
93.778	Medical Assistance Program - MSSP	799,537
93.959	Block Grants for Prevention and Treatment of Substance Abuse	345,850
97.024	EFSP for SOVA Community Food & Resource Center	47,942
TOTAL FEDERAL AWARDS		\$ 6,144,385

NOTE 4 - AWARDS TO SUBRECIPIENTS

JFSLA has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

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JEWISH FAMILY SERVICE OF LOS ANGELES
CONSOLIDATED SCHEDULE OF AWARDS FROM THE CITY OF LOS ANGELES
Year Ended June 30, 2022

Funding	Program	Grant Number	Location	Department of Aging	USDA Entitlement (NSIP)	Housing & Community Investment Department	Non-Government Reimbursement (Non-Match)	Program Income	Matching (1)	Total (2)
Title III B	Supportive services	C-139339	Westside	\$ 192,050	\$ -	\$ -	\$ -	\$ -	\$ 70,149	\$ 262,199
Title III B	Supportive services	C-139339	West Wilshire	204,068	-	-	-	-	98,281	302,348
Title III B-OASIS	Supportive services	C-139305	Citywide	35,731	-	-	-	-	19,023	54,754
Title III C1	Congregate Meals	C-139339-2	West Wilshire	621,698	25,685	-	-	2,582	47,327	697,292
Title III C2	Home Delivered Meals	C-139339-2	West Wilshire	514,284	27,958	-	-	11,768	134,016	688,026
Title III C1	Congregate Meals	C-139339-2	Westside	169,176	24,132	-	-	1,160	9,015	203,483
Title III C2	Home Delivered Meals	C-139339-2	Westside	263,404	26,268	-	-	2,753	34,987	327,412
City of LA-EBP West Wilshire	Health and Wellness	C-139312-1	Westside	75,000	-	-	-	-	22,250	97,250
City of LA-EBP Westside	Health and Wellness	C-139312-1	West Wilshire	75,000	-	-	-	-	38,902	113,902
Proposition A	Cityride-Transportation	C-139339-2	West Wilshire	223,204	-	-	-	-	139,885	363,089
Proposition A	Cityride	C-139339-2	Westside	215,841	-	-	-	-	97,522	313,363
City of L.A. HCID D.V.										
City of L.A. CIFD DVSO 2021-22	D V Transitional Shelter	C-138707	North Hollywood	-	-	611,135	-	-	44,452	655,587
City of L.A. HCID CSBG CARES 2020-22	D V Transitional Shelter	C-137321	North Hollywood	-	-	171,378	-	-	69,719	241,097
TOTAL AWARDS FROM THE CITY OF LOS ANGELES				\$ 2,589,455	\$ 104,043	\$ 782,513	\$ -	\$ 18,263	\$ 825,527	\$ 4,319,802

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