

EISNERAMPER

**JEWISH FAMILY AND CHILDREN'S SERVICE
OF GREATER PHILADELPHIA AND
FOUNDATION OF THE JEWISH FAMILY AND
CHILDREN'S SERVICE OF PHILADELPHIA, INC.**

COMBINED FINANCIAL STATEMENTS

**WITH REPORTING REQUIREMENTS FOR
THE *UNIFORM GUIDANCE*
AND THE CITY OF PHILADELPHIA**

**AUGUST 31, 2021 AND 2020
(with supplementary information)**



JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jewish Family and Children's Service of Greater Philadelphia and
Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. (nonprofit organizations), which comprise the combined statement of financial position as of August 31, 2021, and the related combined statements of activities and changes in net assets, functional expenses, functional expenses, detail of program services, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *City of Philadelphia Subrecipient Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the combined financial statements referred to on the previous page present fairly, in all material respects, the financial position of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. as of August 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of functional expenditures by program and revenue by funding sources is presented for purposes of additional analysis as required by the *City of Philadelphia Subrecipient Audit Guide*, and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022 on our consideration of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting and on our tests of their 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 Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s 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 Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting and compliance.

Prior Year Combined Financial Statements

The combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. as of and for the year ended August 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on December 16, 2020.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
January 12, 2022



JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Combined Statements of Financial Position

	August 31,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 656,871	\$ 265,877
Contributions, grants and bequests receivable, net	1,866,779	1,674,547
Program fees receivable, net	144,974	225,347
Prepaid expenses and other current assets	243,071	262,545
Beneficial interest in split-interest agreement	<u>80,000</u>	<u>80,000</u>
Total current assets	<u>2,991,695</u>	<u>2,508,316</u>
Property and equipment, net of accumulated depreciation	<u>5,828,484</u>	<u>6,014,718</u>
Other assets:		
Investments at fair value	20,220,050	18,055,113
Beneficial interest in assets held by Jewish Federation of Greater Philadelphia	634,686	530,447
Beneficial interest in split-interest agreement	<u>850,796</u>	<u>903,684</u>
Total other assets	<u>21,705,532</u>	<u>19,489,244</u>
	<u>\$ 30,525,711</u>	<u>\$ 28,012,278</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 647,163	\$ 356,443
Accrued payroll and vacation payable	505,930	463,717
Unearned revenue, grants	<u>217,276</u>	<u>190,176</u>
Total current liabilities	<u>1,370,369</u>	<u>1,010,336</u>
Long-term liabilities:		
Deposits held	<u>9,000</u>	<u>9,000</u>
Total long-term liabilities	<u>9,000</u>	<u>9,000</u>
Total liabilities	<u>1,379,369</u>	<u>1,019,336</u>
Net assets without donor restrictions:		
Undesignated	5,057,274	3,619,396
Invested in property and equipment, net of operating liabilities	<u>4,678,487</u>	<u>5,185,559</u>
Total net assets without donor restrictions	<u>9,735,761</u>	<u>8,804,955</u>
Net assets with donor restrictions:		
Perpetual in nature	15,129,447	14,233,241
Purpose restrictions	<u>4,281,134</u>	<u>3,954,746</u>
Total net assets with donor restrictions	<u>19,410,581</u>	<u>18,187,987</u>
Total net assets	<u>29,146,342</u>	<u>26,992,942</u>
	<u>\$ 30,525,711</u>	<u>\$ 28,012,278</u>

See accompanying notes to the combined financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Combined Statements of Activities and Changes In Net Assets
Year Ended August 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support:						
Jewish Federation of Greater Philadelphia	\$ -	\$ 1,173,476	\$ 1,173,476	\$ -	\$ 1,186,379	\$ 1,186,379
Jewish Claims Against Germany	-	2,496,621	2,496,621	-	2,503,004	2,503,004
Contributions	3,102,958	1,233,900	4,336,858	2,735,619	715,823	3,451,442
Fund-raising event	179,046	-	179,046	724,562	-	724,562
Total public support	<u>3,282,004</u>	<u>4,903,997</u>	<u>8,186,001</u>	<u>3,460,181</u>	<u>4,405,206</u>	<u>7,865,387</u>
Grants:						
Government agencies	-	2,043,244	2,043,244	2,105,307	3,109,131	5,214,438
Paycheck Protection Program	-	-	-	1,486,000	-	1,486,000
Total grants	<u>-</u>	<u>2,043,244</u>	<u>2,043,244</u>	<u>3,591,307</u>	<u>3,109,131</u>	<u>6,700,438</u>
Revenues:						
Program service fees	1,091,071	-	1,091,071	1,696,920	-	1,696,920
Interest and dividends, net	418,794	107,210	526,004	519,290	87,955	607,245
Rental income	38,309	-	38,309	51,901	-	51,901
Changes in assets held by Jewish Federation of Greater Philadelphia	-	118,447	118,447	-	31,094	31,094
Net assets released from restrictions	8,316,593	(8,316,593)	-	13,269,348	(13,269,348)	-
Total revenues	<u>9,864,767</u>	<u>(8,090,936)</u>	<u>1,773,831</u>	<u>15,537,459</u>	<u>(13,150,299)</u>	<u>2,387,160</u>
Total public support and revenue	<u>13,146,771</u>	<u>(1,143,695)</u>	<u>12,003,076</u>	<u>22,588,947</u>	<u>(5,635,962)</u>	<u>16,952,985</u>
Expenses:						
Program services:						
Older Adult Services	3,815,264	-	3,815,264	3,763,237	-	3,763,237
Individual & Family Services	2,268,331	-	2,268,331	1,815,327	-	1,815,327
Child Welfare Services	-	-	-	4,605,277	-	4,605,277
Education & Outreach Services	2,208,166	-	2,208,166	2,021,923	-	2,021,923
Open Arms Adoption Network	1,009,547	-	1,009,547	971,998	-	971,998
Our Closet Umbrella	358,431	-	358,431	391,763	-	391,763
Barbara and Harvey Brodsky Enrichment Center	829,611	-	829,611	922,875	-	922,875
Total program services	<u>10,489,350</u>	<u>-</u>	<u>10,489,350</u>	<u>14,492,400</u>	<u>-</u>	<u>14,492,400</u>
Supporting services:						
Management and general	1,335,110	-	1,335,110	834,568	-	834,568
Fund-raising expenses	703,823	-	703,823	701,033	-	701,033
Fund-raising event	-	-	-	37,989	-	37,989
Total supporting services	<u>2,038,933</u>	<u>-</u>	<u>2,038,933</u>	<u>1,573,590</u>	<u>-</u>	<u>1,573,590</u>
Total expenses	<u>12,528,283</u>	<u>-</u>	<u>12,528,283</u>	<u>16,065,990</u>	<u>-</u>	<u>16,065,990</u>
Increase (decrease) in net assets from operating activities	<u>618,488</u>	<u>(1,143,695)</u>	<u>(525,207)</u>	<u>6,522,957</u>	<u>(5,635,962)</u>	<u>886,995</u>
Nonoperating:						
Realized/unrealized gains on investments	312,318	2,366,289	2,678,607	20,187	1,193,763	1,213,950
Total nonoperating	<u>312,318</u>	<u>2,366,289</u>	<u>2,678,607</u>	<u>20,187</u>	<u>1,193,763</u>	<u>1,213,950</u>
Increase (decrease) in net assets	<u>930,806</u>	<u>1,222,594</u>	<u>2,153,400</u>	<u>6,543,144</u>	<u>(4,442,199)</u>	<u>2,100,945</u>
Net assets, beginning of year	<u>8,804,955</u>	<u>18,187,987</u>	<u>26,992,942</u>	<u>2,261,811</u>	<u>22,630,186</u>	<u>24,891,997</u>
Net assets, end of year	<u>\$ 9,735,761</u>	<u>\$ 19,410,581</u>	<u>\$ 29,146,342</u>	<u>\$ 8,804,955</u>	<u>\$ 18,187,987</u>	<u>\$ 26,992,942</u>

See accompanying notes to the combined financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Combined Statement of Functional Expenses
Year Ended August 31, 2021**

	(A)	Supporting Services			Total Expenses
	Program Services	Management and General	Fund-Raising	Total	
Salaries	\$ 5,168,262	\$ 314,877	\$ 382,559	\$ 697,436	\$ 5,865,698
Payroll taxes and employee benefits	1,550,476	92,922	117,768	210,690	1,761,166
Total salaries and related expenses	6,718,738	407,799	500,327	908,126	7,626,864
Assistance to individuals	2,601,060	-	-	-	2,601,060
Conferences, meetings and staff development	52,148	9,591	2,964	12,555	64,703
Consultant fees and contract payments	148,609	114,648	3,500	118,148	266,757
Dues and subscriptions	24,735	20,574	384	20,958	45,693
Insurance	293,794	82,205	15,089	97,294	391,088
Interest	-	202	-	202	202
Occupancy	274,907	148,966	35,388	184,354	459,261
Office expenses and maintenance	77,069	258,882	59,653	318,535	395,604
Other expenses	20,658	-	-	-	20,658
Professional services	4,510	157,967	-	157,967	162,477
Public relations	38,668	30,777	65,842	96,619	135,287
Staff field expenses	20,821	-	441	441	21,262
Telephone	78,070	30,040	2,784	32,824	110,894
Total expenses before depreciation	10,353,787	1,261,651	686,372	1,948,023	12,301,810
Depreciation	135,563	73,459	17,451	90,910	226,473
Total expenses	\$ 10,489,350	\$ 1,335,110	\$ 703,823	\$ 2,038,933	\$ 12,528,283

(A) See detail of program services (Page 8)

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Combined Statement of Functional Expenses
Year Ended August 31, 2020**

	(A)	Supporting Services			Total	Total Expenses
	Program Services	Management and General	Fund-Raising	Fund-Raising Event		
Salaries	\$ 7,053,007	\$ 67,017	\$ 366,706	\$ -	\$ 433,723	\$ 7,486,730
Payroll taxes and employee benefits	2,010,104	19,038	104,361	-	123,399	2,133,503
Total salaries and related expenses	9,063,111	86,055	471,067	-	557,122	9,620,233
Assistance to individuals	2,632,982	-	-	-	-	2,632,982
Children's direct expenses	1,263,114	-	-	-	-	1,263,114
Conferences, meetings and staff development	87,696	24,688	19,296	-	43,984	131,680
Consultant fees and contract payments	222,680	85,180	269	-	85,449	308,129
Dues and subscriptions	37,894	17,080	862	-	17,942	55,836
Gala event - facilities and food	-	-	-	37,989	37,989	37,989
Insurance	141,210	28,425	7,069	-	35,494	176,704
Interest	-	8,967	-	-	8,967	8,967
Occupancy	464,741	104,315	41,049	-	145,364	610,105
Office expenses and maintenance	159,002	228,428	70,215	-	298,643	457,645
Professional services	37,556	107,912	14,684	-	122,596	160,152
Public relations	51,149	92,489	56,317	-	148,806	199,955
Staff field expenses	62,722	1,752	1,548	-	3,300	66,022
Telephone	81,345	7,259	2,122	-	9,381	90,726
Total expenses before depreciation	14,305,202	792,550	684,498	37,989	1,515,037	15,820,239
Depreciation	187,198	42,018	16,535	-	58,553	245,751
Total expenses	<u>\$ 14,492,400</u>	<u>\$ 834,568</u>	<u>\$ 701,033</u>	<u>\$ 37,989</u>	<u>\$ 1,573,590</u>	<u>\$ 16,065,990</u>

(A) See detail of program services (Page 9)

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Combined Statement of Functional Expenses, Detail of Program Services
Year Ended August 31, 2021**

	Older Adult Services	Individual & Family Services	Education & Outreach Services	Open Arms Adoption Network	Our Closet Umbrella	Barbara and Harvey Brodsky Enrichment Center	Total
Salaries	\$ 1,140,070	\$ 1,247,387	\$ 1,466,028	\$ 616,789	\$ 173,270	\$ 524,718	\$ 5,168,262
Payroll taxes and employee benefits	<u>342,021</u>	<u>374,215</u>	<u>439,808</u>	<u>185,037</u>	<u>51,981</u>	<u>157,414</u>	<u>1,550,476</u>
Total salaries and related expenses	1,482,091	1,621,602	1,905,836	801,826	225,251	682,132	6,718,738
Assistance to individuals	2,048,606	401,235	94,749	56,470	-	-	2,601,060
Conferences, meetings and staff development	1,669	28,938	12,775	5,878	2,750	138	52,148
Consultant fees and contract payments	91,408	29,511	14,681	6,765	6,244	-	148,609
Dues and subscriptions	11,132	11,362	-	241	-	2,000	24,735
Insurance	83,469	44,753	67,032	28,258	13,825	56,457	293,794
Occupancy	39,229	66,440	52,792	21,570	59,495	35,381	274,907
Office expenses and maintenance	15,625	4,878	6,606	18,441	9,919	21,600	77,069
Other expenses	-	9,995	-	10,663	-	-	20,658
Professional services	3,255	585	-	-	670	-	4,510
Public relations	5,753	2,660	860	22,248	6,899	248	38,668
Staff field expenses	2,404	2,669	2,391	11,249	2,078	30	20,821
Telephone	<u>11,278</u>	<u>10,940</u>	<u>24,411</u>	<u>15,301</u>	<u>1,962</u>	<u>14,178</u>	<u>78,070</u>
Total expenses before depreciation	3,795,919	2,235,568	2,182,133	998,910	329,093	812,164	10,353,787
Depreciation	<u>19,345</u>	<u>32,763</u>	<u>26,033</u>	<u>10,637</u>	<u>29,338</u>	<u>17,447</u>	<u>135,563</u>
Total expenses	<u>\$ 3,815,264</u>	<u>\$ 2,268,331</u>	<u>\$ 2,208,166</u>	<u>\$ 1,009,547</u>	<u>\$ 358,431</u>	<u>\$ 829,611</u>	<u>\$ 10,489,350</u>

See accompanying notes to the combined financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Combined Statement of Functional Expenses, Detail of Program Services
Year Ended August 31, 2020**

	<u>Older Adult Services</u>	<u>Individual & Family Services</u>	<u>Child Welfare Services</u>	<u>Education & Outreach Services</u>	<u>Open Arms Adoption Network</u>	<u>Our Closet Umbrella</u>	<u>Barbara and Harvey Brodsky Enrichment Center</u>	<u>Total</u>
Salaries	\$ 1,073,934	\$ 942,082	\$ 2,402,720	\$ 1,319,703	\$ 605,121	\$ 199,509	\$ 509,938	\$ 7,053,007
Payroll taxes and employee benefits	306,071	268,493	684,775	376,114	172,459	56,860	145,332	2,010,104
Total salaries and related expenses	1,380,005	1,210,575	3,087,495	1,695,817	777,580	256,369	655,270	9,063,111
Assistance to individuals	2,107,954	387,518	-	77,233	60,088	189	-	2,632,982
Children's direct expenses	-	-	1,263,114	-	-	-	-	1,263,114
Conferences, meetings and staff development	6,207	13,282	2,564	27,517	10,444	21,558	6,124	87,696
Consultant fees and contract payments	93,264	28,201	-	77,436	7,673	2,500	13,606	222,680
Dues and subscriptions	15,221	15,670	6,328	35	640	-	-	37,894
Insurance	30,266	15,060	42,722	24,582	10,000	6,497	12,083	141,210
Occupancy	36,884	77,752	105,138	66,376	20,902	52,737	104,952	464,741
Office expenses and maintenance	19,620	8,800	15,678	6,802	14,630	17,054	76,418	159,002
Professional services	30,496	-	-	-	300	5,060	1,700	37,556
Public relations	4,246	11,317	435	894	29,564	1,972	2,721	51,149
Staff field expenses	12,822	8,148	17,746	1,899	16,596	5,144	367	62,722
Telephone	11,395	7,685	21,707	16,596	15,162	1,440	7,360	81,345
Total expenses before depreciation	3,748,380	1,784,008	4,562,927	1,995,187	963,579	370,520	880,601	14,305,202
Depreciation	14,857	31,319	42,350	26,736	8,419	21,243	42,274	187,198
Total expenses	<u>\$ 3,763,237</u>	<u>\$ 1,815,327</u>	<u>\$ 4,605,277</u>	<u>\$ 2,021,923</u>	<u>\$ 971,998</u>	<u>\$ 391,763</u>	<u>\$ 922,875</u>	<u>\$ 14,492,400</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Combined Statements of Cash Flows

	August 31,	
	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 2,153,400	\$ 2,100,945
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Bequests and contributions restricted to endowment	(51,493)	(52,534)
Realized gain	(140,981)	(395,242)
Unrealized gain on investments	(2,537,626)	(818,708)
Changes in assets held by Jewish Federation of Greater Philadelphia	(118,447)	(31,094)
Depreciation	226,473	245,751
Bad debts	20,658	-
(Increase) decrease in:		
Contributions, grants and bequests receivable	(192,232)	723,797
Program fees receivable	59,715	(137,083)
Prepaid expenses and other current assets	19,474	59,726
Increase (decrease) in:		
Accounts payable and accrued expenses	332,933	(20,934)
Unearned revenue, grants	27,100	(191,988)
	(201,026)	1,482,636
Net cash (used in) provided by operating activities	(201,026)	1,482,636
Cash flows from investing activities:		
Purchases of property and equipment	(40,240)	(5,645)
Distributions from assets held by Jewish Federation of Greater Philadelphia	14,208	13,974
Proceeds from investments	4,926,357	7,495,437
Purchases of investments	(4,359,798)	(8,384,532)
Net cash provided by (used in) investing activities	540,527	(880,766)
Cash flows from financing activities:		
Bequests and contributions restricted to endowment	51,493	52,534
Repayments on margin loan, net	-	(498,239)
Net cash provided by (used in) financing activities	51,493	(445,705)
Net increase in cash and cash equivalents	390,994	156,165
Cash and cash equivalents, beginning of year	265,877	109,712
Cash and cash equivalents, end of year	\$ 656,871	\$ 265,877
Supplementary disclosure:		
Interest paid	\$ 202	\$ 8,967

See accompanying notes to the combined financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Notes to Combined Financial Statements August 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization and nature of activities:

Jewish Family and Children's Service of Greater Philadelphia ("JFCS") provides social and community services to strengthen families and individuals across generations and cultures to achieve stability, independence, and community. Services provided include individual and family counseling, outreach and drug education in public schools, foster care for neglected and dependent children and care for senior adults, primarily in the Greater Philadelphia area.

The Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. ("Foundation") supports the stated purposes of Jewish Family and Children's Service of Greater Philadelphia.

JFCS combined with the Foundation is also referred to as the Organization.

[2] Basis of accounting and presentation:

The combined financial statements of the Organization have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The combined financial statements include the accounts of JFCS and the Foundation, both of which are under common control. All significant intercompany transactions have been eliminated.

The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not for Profit Entities*, to prepare its combined financial statements. Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

(ii) *Net assets with donor restrictions:*

Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases 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, or through appropriation of endowment income or corpus pursuant to an endowment spending rate policy, assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from 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.

JEWISH FAMILY AND CHILDREN’S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN’S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Functional allocation of expenses:

The costs of providing the Organization’s program and supporting services have been summarized on a functional basis in the combined statements of activities and changes in net assets. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy, depreciation, insurance, and telephone have been allocated among the programs and supporting services benefited based on utilization of resources and square footage of facilities. Salaries and related payroll costs are allocated based on personnel hours and program participation. Expenses that directly relate to, and can be assigned to, a specific program or activity have been appropriately identified.

[4] Cash and cash equivalents:

For purposes of the combined financial statements, all cash invested in money market funds and overnight repurchase agreements are considered to be cash equivalents.

[5] Contributions, grants, bequests and program fees receivable and allowance for doubtful accounts:

Unconditional contributions, grants and bequests are recorded as receivables at the time such contributions, grants or bequests are made known to the Organization. Receivables are recorded for any amounts still outstanding at the fiscal year-end. Pledges receivable are recorded at their fair value when received. Conditional contributions and grants are recorded as receivable when the conditions have been met or deferred revenue if received in advance. Fair values are measured based on the present value of future cash flows with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Program fees receivable are reported at original invoice amounts, less an estimate made for doubtful accounts. The Organization provides a reserve for any balances not deemed collectible during the year. The total allowance for doubtful accounts for both contributions and program fees was \$30,000 and \$22,500 for the years ended August 31, 2021 and 2020, respectively.

[6] Property and equipment and depreciation:

Buildings, improvements, equipment, furniture, transportation equipment, and computer software are stated at cost, or if donated, at the fair value on date of donation. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. It is the Organization’s policy to capitalize all expenditures which have a unit cost in excess of \$500, and a useful life of more than one year. The cost of maintenance and repairs is charged to expense as incurred. The useful lives of depreciable assets are as follows:

Building	40 years
Building improvements	40 years
Leasehold improvements	2 - 7 years
Equipment and furniture	3 - 5 years
Vehicles	3 - 5 years

[7] Investments and investment income:

Investments in marketable securities, through exchange traded funds, and debt securities, through bond funds, are stated at fair values in the combined statements of financial position. Fair values are determined by quoted market prices. Unrealized gains and losses are included in the changes in net assets. Specifically identified cost is used for investments sold.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Notes to Combined Financial Statements August 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Investments and investment income: (continued)

Investments in perpetual trusts held by third parties represent the Organization's proportionate share of the fair value of assets contributed to numerous trusts, from which the Organization has the irrevocable right to receive income in perpetuity. Because the Organization does not have the right to receive the assets in these trusts, the original contributions, plus unrealized gains and losses, have been included in the net change in net assets with donor restrictions.

The Organization recognizes investment income according to its policy, whereby the Board of Directors approves an annual "spending rate" to allocate a portion of investment income to operations. Other investment income earned is reported as operating revenue.

[8] Deferred revenue:

Deferred revenue includes fees and grants from governmental agencies, other program funding, and fundraising events that have not been earned at year-end, but are expected to be recognized as revenue in the coming year.

[9] Support and revenue recognition:

In May 2014, FASB issued ASC 606, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaced most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity received or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted ASC 606 with a date of initial application of September 1, 2019 using the modified retrospective method.

[10] Program service fees:

Fee and service revenue is primarily generated via drug and alcohol programs, teen pregnancy programs, early intervention programs, gambling preventions programs, and suicide prevention programs. JFCS recognizes revenue to reflect the transfer of services to program participants in an amount equal to the consideration JFCS is expected to receive for those services as required under ASC Topic 606 – *Revenue from Contracts with Customers*.

JFCS' sole obligation is to provide these services to persons in need within the greater Philadelphia area. A performance obligation is considered satisfied at the time a single unit of service is completed; that is, each 15-minute interval over the course of an early intervention program and prevention program. As a result, revenue is recognized as the sessions are completed, which satisfies the performance obligation. There were no performance obligations that were unsatisfied or partially unsatisfied as of August 31, 2021 or 2020.

Amounts earned from the program sessions, representing the transaction price, are due from the County of Bucks, Department of Behavioral Health/Developmental Programs and Commonwealth of Pennsylvania, Department of Human Services (the "Agents") and are based on predetermined rates, as set by the Agents, for the service provided. Generally, JFCS bills the Agents weekly after the services have been provided to the program participant. Collections are normally 60 to 90 days after billing. Adjustments to the amounts billed are occasionally made by the Agents but these adjustments are generally not significant, so are recorded as a reduction of revenue as they occur.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Notes to Combined Financial Statements August 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Program service fees: (continued)

During the years ended August 31, 2021 and 2020, fee and service revenue recognized amounted to \$1,091,071 and \$1,696,920, respectively. Accounts receivable related to these services amounted to \$144,974 and \$225,347 as of August 31, 2021 and 2020, respectively, which are included in grants and contracts on the combined statements of financial position.

[11] Grants from government agencies and contributions:

Funding for JFCS' activities is achieved sustainably through government funding, foundation, corporate and other support, contributions, including unconditional promises to give. These donations provide funding to be used to support the mission of JFCS. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to JFCS. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

Contributions are recognized as revenue upon receipt of cash, securities, or other assets, or of unconditional promises to give, or a notification of a beneficial interest is received. 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.

Certain grants JFCS receives are cost reimbursement government grants. These grants provide funding to be used for purposes indicated in the grant agreements. As the government is not receiving a benefit as a result of these transactions, the grants are considered to be contributions to JFCS. The grant agreements contain specific service requirements. As these stipulations create a barrier that must be achieved, and any amounts not expended must be returned, government grants are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as required by the agreements. Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. JFCS received no funds in advance of service requirements being met as of August 31, 2021 or 2020.

[12] Jewish Claims Against Germany:

JFCS receives grant funding under the Jewish Claims Against Germany contract. This grant provides funding to be used for social welfare services for vulnerable Jewish Nazi victims. Contributions from these grant agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as required by the agreements. Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. JFCS received no funds in advance of service requirements being met as of August 31, 2021 or 2020.

[13] Jewish Federation of Greater Philadelphia:

JFCS receives a contribution from the Jewish Federation of Greater Philadelphia. The award agreement provides funding to be used for the various programs of the Organization as indicated in the grant agreement. The contribution is recognized as revenue upon receipt of cash, securities, or other assets, or of unconditional promises to give, or a notification of a beneficial interest is received. 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.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[14] Rental income:

Rental income is recognized monthly as rent becomes due. Rental payments received in advance are deferred until they are earned.

[15] Fund-raising events:

The Organization periodically holds Gala events. Revenue related to these events is bifurcated into an exchange transaction component and a contribution component. The exchange transaction component is considered to be the fair market value of the event received by an attendee. The transaction price is the fair market value which is estimated by management for each event based on the benefits received by the attendee. Revenue is recognized at the point in time when the event takes place as that is when the performance obligation is determined to be satisfied. The contribution component is considered to be the amount over and above the fair market value for which the attendee does not receive commensurate value. Revenue is recognized when the event takes place as the occurrence of the event is considered to be a barrier and there is a right of return if the event does not take place.

[16] Paycheck Protection Program:

The Organization received proceeds from the U.S Small Business Administration (the "SBA") as part of the Paycheck Protection Program ("PPP") in the amount of \$1,486,000 on May 4, 2020. The funding was conditional based on the Organization using the funds to cover qualified expenditures while maintaining certain employment levels. Contributions from this agreement were therefore recognized as revenue when qualifying costs were incurred and conditions had been substantially met, as required by the agreement. For the year ended August 31, 2020, \$1,486,000 of the grant was used for qualified expenditures, including payroll-related expenditures and thus was recognized as revenue on the combined statement of activities and changes in net assets. The Organization received notification on November 24, 2020 that the PPP proceeds were forgiven by the SBA.

[17] Advertising:

All costs associated with advertising are expensed in the period incurred. Advertising expense for the years ended August 31, 2021 and 2020 was \$46,340 and \$108,884, respectively.

[18] Use of estimates:

The preparation of combined financial statements in conformity with U.S. GAAP 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[19] Liquidity management:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the combined statements of financial position date, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 656,871	\$ 265,877
Accounts receivable	144,974	225,347
Contributions, grants and bequests receivable, net	1,866,779	1,674,547
Endowment spending rate distributions	<u>348,207</u>	<u>348,207</u>
	3,016,831	2,513,978
Less: receivables with donor restrictions	<u>1,728,776</u>	<u>1,567,003</u>
	<u>\$ 1,288,055</u>	<u>\$ 946,975</u>

The endowment funds consist of donor-restricted endowments and funds designated by the Board, which are treated as endowments in regard to the annual spending and distribution policy. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Funds designated by the Board are available for general use to the extent allowed by the annual spending and distribution policy.

As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

[20] Income taxes:

The Organization is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. U.S GAAP requires management to evaluate tax positions taken and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of August 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the combined financial statements.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of administrative expenses. There were no income tax related interest and penalties recorded for either of the years ended August 31, 2021 or 2020.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[21] Recent accounting pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements* ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for fiscal years beginning after December 15, 2021. Management plans to adopt the new standard using a modified retrospective approach and is currently evaluating the impact that the adoption of ASU 2016-02, as amended by ASU 2018-11, may have on its combined financial statements and disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments (Topic 326), Credit Losses; Measurement of Credit Losses on Financial Instruments*, which provides guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The ASU is effective for the Organization for the fiscal years beginning after December 15, 2022, with early adoption permitted. The Organization is currently evaluating the impact of this ASU on its combined financial statements.

[22] Reclassification:

Certain amounts in the 2020 combined financial statements have been reclassified to conform to the current year's presentation. There are no changes to net assets as a result.

NOTE B - PROGRAM FEES RECEIVABLE

Program fees receivable as of August 31, 2021 and 2020 consist primarily of fees due to the Agency for certain program services. The allowance for doubtful accounts for program fees was \$20,000 and \$12,500 for the years ended August 31, 2021 and 2020, respectively. Program fees receivable, net, as of August 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Program fees receivable	\$ 164,974	\$ 237,847
Allowance for doubtful accounts	<u>(20,000)</u>	<u>(12,500)</u>
	<u>\$ 144,974</u>	<u>\$ 225,347</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE C - CONTRIBUTIONS, GRANTS AND BEQUESTS RECEIVABLE

Contributions, grants and bequests receivable are expected to be received in less than one year. Receivables are comprised of the following:

	<u>2021</u>	<u>2020</u>
Jewish Federation	\$ 1,129,583	\$ 1,186,379
Grants from government agencies	609,192	331,224
Other program funding	<u>138,004</u>	<u>166,944</u>
	1,876,779	1,684,547
Allowance for doubtful accounts	<u>(10,000)</u>	<u>(10,000)</u>
	<u>\$ 1,866,779</u>	<u>\$ 1,674,547</u>

As of August 31, 2021 and 2020, there were no long-term receivables.

NOTE D - INVESTMENTS

Investments are stated at their fair value and include the following for the years ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 3,944,365	\$ 4,112,438
Exchange traded funds	<u>8,589,439</u>	<u>7,101,140</u>
	12,533,804	11,213,578
Perpetual trusts held by third parties (a)	<u>7,686,246</u>	<u>6,841,535</u>
	<u>\$ 20,220,050</u>	<u>\$ 18,055,113</u>

(a) Investments in perpetual trusts held by third parties represent the Organization's proportionate share of the fair value of assets contributed to numerous trusts, from which the Organization has the irrevocable right to receive income in perpetuity. Because the Organization does not have the right to receive the assets in these trusts, the original contributions, plus unrealized gains and losses, have been included in the net change in net assets with donor restrictions. Interest and dividend distributions from these perpetual trusts were \$341,178 and \$296,219 for the years ended August 31, 2021 and 2020, respectively, and are included in the combined statements of activities and changes in net assets.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE D - INVESTMENTS (CONTINUED)

Interest and dividends, net, included in operating activities for the years ended August 31, 2021 and 2020, is comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 249,673	\$ 350,495
Interest and dividends from perpetual trusts held by third parties	<u>341,178</u>	<u>296,219</u>
	590,851	646,714
Less: investment fees	<u>64,847</u>	<u>39,469</u>
	<u>\$ 526,004</u>	<u>\$ 607,245</u>

Realized and unrealized gains included in nonoperating activities for the years ended August 31, 2021 and 2020 and are comprised of the following:

	<u>2021</u>	<u>2020</u>
Unrealized gains	\$ 2,537,626	\$ 818,708
Realized gains	<u>140,981</u>	<u>395,242</u>
	<u>\$ 2,678,607</u>	<u>\$ 1,213,950</u>

NOTE E - BENEFICIAL INTEREST IN ASSETS HELD BY JEWISH FEDERATION OF GREATER PHILADELPHIA

The Organization has beneficial interests in assets held by the Jewish Federation of Greater Philadelphia ("Federation"). These assets resulted from donor contributions to the Federation many years ago with the donor restriction that the assets were to be used to support programs of JFCS. While the Organization does not have the right to receive the assets contributed to the Federation, it is entitled to periodic distributions of earnings on these assets based on a spending policy determined by the Federation. For the years ended August 31, 2021 and 2020, the Federation distributed \$25,082 and \$24,724 to JFCS, respectively.

In accordance with ASC 958, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the assets have been recognized as an asset entitled Beneficial Interest in Assets held by Jewish Federation of Greater Philadelphia in the combined statements of financial position in the amount of \$634,686 and \$530,447 as of August 31, 2021 and 2020, respectively. Subsequent changes in the value of that asset are recorded in the combined statements of activities and changes in net assets as changes in assets held by Jewish Federation of Greater Philadelphia.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Notes to Combined Financial Statements August 31, 2021 and 2020

NOTE F - BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENT

In September 2016, the Organization was notified that it was named as a beneficiary of a Charitable Lead Trust. Based on the initial fair market value of the trust, which was \$1,000,000, the Organization will receive 8% annual distributions of \$80,000 on December 31st of each year beginning on December 31, 2016. The term of the trust is 20 years from the date of the surviving grantor, April 6, 2015. The trust will terminate on April 5, 2035. The total amount received for each of the years ended August 31, 2021 and 2020 was \$80,000. The assets of the Trust are held by the custodian, Merrill Lynch, and are recognized as beneficial interests in split-interest agreements in an amount reflecting the present value of the annual distributions to be received. The annual distributions are restricted for the purpose of benefitting the needs of children.

NOTE G - FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value, the Organization measures fair value according to the following hierarchy:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted market prices that are observable for the assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Inputs are unobservable and significant to the fair value measurement of the asset or liability.

Management's estimate to value the Organization's Level 1 and 2 investments is based on investment valuation statements and other observable inputs. Mutual funds are valued at the net asset value of shares held at year-end. Bonds and asset-backed securities are valued at the closing price of assets held by the Organization at year-end based upon valuations provided by independent, third-party pricing agents. Publicly traded stock is valued at the closing price reported on the active market on which the individual securities are traded.

For those investments with unobservable valuation methods (Level 3), management's estimate of the fair value of investments not currently actively traded is based on consideration of several factors, including but not limited to: a) significant third-party transactions by unrelated investors, b) original cost of securities, c) financial conditions, performance and potential of the issuer of the securities, d) significant events that impact the issuer, including pricing and terms of future equity financings, and mergers of acquisition prospects, and e) other factors that would impact the general financial conditions or values of such securities.

The financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth, by level, the Organization's investments at fair value, within the fair value hierarchy, as of August 31, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond fund	<u>\$ 3,944,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,944,365</u>
Total mutual funds	<u>3,944,365</u>	<u>-</u>	<u>-</u>	<u>3,944,365</u>
Exchange traded funds:				
Large cap fund	5,044,252	-	-	5,044,252
Small/mid cap fund	544,148	-	-	544,148
International	2,575,195	-	-	2,575,195
Emerging markets	<u>425,844</u>	<u>-</u>	<u>-</u>	<u>425,844</u>
Total exchange traded funds	<u>8,589,439</u>	<u>-</u>	<u>-</u>	<u>8,589,439</u>
Perpetual trusts held by third parties	<u>-</u>	<u>7,686,246</u>	<u>-</u>	<u>7,686,246</u>
	<u>12,533,804</u>	<u>7,686,246</u>	<u>-</u>	<u>20,220,050</u>
Alternative investments:				
Beneficial interest in assets held by third parties	<u>-</u>	<u>-</u>	<u>1,565,482</u>	<u>1,565,482</u>
Total investment assets at fair value	<u>\$ 12,533,804</u>	<u>\$ 7,686,246</u>	<u>\$ 1,565,482</u>	<u>\$ 21,785,532</u>
	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond fund	<u>\$ 4,112,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,112,438</u>
Total mutual funds	<u>4,112,438</u>	<u>-</u>	<u>-</u>	<u>4,112,438</u>
Exchange traded funds:				
Large cap fund	4,103,590	-	-	4,103,590
Small/mid cap fund	402,467	-	-	402,467
International	2,212,812	-	-	2,212,812
Emerging markets	<u>382,271</u>	<u>-</u>	<u>-</u>	<u>382,271</u>
Total exchange traded funds	<u>7,101,140</u>	<u>-</u>	<u>-</u>	<u>7,101,140</u>
Perpetual trusts held by third parties	<u>-</u>	<u>6,841,535</u>	<u>-</u>	<u>6,841,535</u>
	<u>11,213,578</u>	<u>6,841,535</u>	<u>-</u>	<u>18,055,113</u>
Alternative investments:				
Beneficial interest in assets held by third parties	<u>-</u>	<u>-</u>	<u>1,514,131</u>	<u>1,514,131</u>
Total investment assets at fair value	<u>\$ 11,213,578</u>	<u>\$ 6,841,535</u>	<u>\$ 1,514,131</u>	<u>\$ 19,569,244</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization measures the fair value of investments in perpetual trusts held by third parties through the proportionate allocated share calculated by the Jewish Federation of Greater Philadelphia. These investments are held as part of the Federation's investment portfolio and, therefore, the Organization does not have the ability to make investment decisions regarding these assets (see Note D). The Organization measures beneficial interest in assets held by third parties (see Level 3 reconciliation below) as described in Notes E and F. Because the Organization does not control the activities in these investment funds, they are not considered Level 1 investments.

The following tables summarize the required Level 3 reconciliations as of August 31, 2021 and 2020 (see Notes E and F for descriptions of investments):

	2021			
	Sperling Fund Endowment	Federation CIT Endowment	Charitable Lead Trust	Total
Beginning balance, September 1, 2020	\$ 299,549	\$ 230,898	\$ 983,684	\$ 1,514,131
Gain on fair value	73,372	55,949	27,112	156,433
Distributions	<u>(14,207)</u>	<u>(10,875)</u>	<u>(80,000)</u>	<u>(105,082)</u>
Ending balance, August 31, 2021	<u>\$ 358,714</u>	<u>\$ 275,972</u>	<u>\$ 930,796</u>	<u>\$ 1,565,482</u>

	2020			
	Sperling Fund Endowment	Federation CIT Endowment	Charitable Lead Trust	Total
Beginning balance, September 1, 2019	\$ 289,936	\$ 223,392	\$ 1,035,035	\$ 1,548,363
Gain on fair value	23,588	18,255	28,649	70,492
Distributions	<u>(13,975)</u>	<u>(10,749)</u>	<u>(80,000)</u>	<u>(104,724)</u>
Ending balance, August 31, 2020	<u>\$ 299,549</u>	<u>\$ 230,898</u>	<u>\$ 983,684</u>	<u>\$ 1,514,131</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land, buildings and improvements	\$ 6,219,845	\$ 6,219,845
Leasehold improvements	17,814	133,190
Equipment and furniture	308,533	316,001
Transportation equipment	146,193	139,546
Computer software	<u>30,080</u>	<u>66,791</u>
	6,722,465	6,875,373
Less: accumulated depreciation	<u>(893,981)</u>	<u>(860,655)</u>
	<u>\$ 5,828,484</u>	<u>\$ 6,014,718</u>

Depreciation expense for the years ended August 31, 2021 and 2020 was \$226,473 and \$245,751, respectively. During the year ended August 31, 2021, various fully depreciated and out of service assets were disposed of and there was no gain or loss on the disposal of these assets.

NOTE I - MARGIN LOAN PAYABLE

The Foundation has available margin loan capability with Fidelity Investments. The borrowing limit on the margin loan is up to 50% of the investment asset value within the portfolio. The margin loan is collateralized by securities of the Foundation. The margin loan bears interest at a variable rate. The rate as of August 31, 2021 was 2.1%. As of August 31, 2021 and 2020, there were no outstanding borrowings against the margin loan.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE J - DONOR RESTRICTIONS ON NET ASSETS

Donor restrictions on net assets are available for the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Jewish Federation of Greater Philadelphia's allocation for the fiscal year ended:		
August 31, 2022	\$ 1,129,583	\$ -
August 31, 2021	<u>-</u>	<u>1,186,379</u>
	<u>1,129,583</u>	<u>1,186,379</u>
Operations of agency	<u>739,293</u>	<u>490,500</u>
Endowments:		
Subject to expenditures for specified purpose:		
Health and Welfare	867,361	768,381
Family Services	97,889	82,744
Child Services	32,723	28,324
Holocaust survivors	207,517	183,836
Operations of agency	<u>1,206,768</u>	<u>1,214,582</u>
	<u>2,412,258</u>	<u>2,277,867</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Children	264,622	232,367
Education	1,749,909	1,536,607
Chaplaincy	923,878	810,810
Adoption	7,744,680	6,892,847
Domestic Violence	58,428	1,081
Crisis Line	112,160	98,489
Critical Needs	1,016,452	892,553
Seniors	410,892	359,866
Family Services	293,504	257,727
Holocaust	27,895	24,495
Operations of agency	<u>2,527,027</u>	<u>3,126,399</u>
	<u>15,129,447</u>	<u>14,233,241</u>
Total endowments	<u>17,541,705</u>	<u>16,511,108</u>
	<u>\$ 19,410,581</u>	<u>\$ 18,187,987</u>

The Organization receives significant funding from the Federation. The fiscal year 2021 allocation from the Federation of \$1,129,583 was awarded to and recorded by the Organization in fiscal year 2021. The fiscal year 2020 allocation from the Federation of \$1,186,379 was awarded to and recorded by the Organization in fiscal year 2020.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE J - DONOR RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets released from restrictions during the years ended August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Jewish Federation of Greater Philadelphia's allocation for the fiscal years ended August 31, 2021 and 2020	\$ 1,186,379	\$ 1,283,440
City of Philadelphia funded programs	1,104,476	4,663,685
Claims Against Germany	2,496,621	2,503,004
Appropriation of Assets for Agency Operations	760,205	75,711
Other funds used for Health and Welfare, Education and Outreach Services	<u>2,768,912</u>	<u>4,743,508</u>
	<u>\$ 8,316,593</u>	<u>\$ 13,269,348</u>

NOTE K - ENDOWMENT AND BOARD-DESIGNATED FUNDS

The Foundation's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments ("Board-designated funds"). The endowment funds were established primarily for support of the Organization's mission. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not adopted Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors of the Organization has interpreted the Commonwealth of Pennsylvania state law 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 Foundation classifies net assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment and Board-designated net assets had the following compositions as of August 31, 2021:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds subject to expenditures for specified use	\$ -	\$ 2,412,258	\$ 2,412,258
Donor-restricted endowment funds perpetual in nature	-	15,129,447	15,129,447
Board-designated endowment funds	<u>4,001,594</u>	<u>-</u>	<u>4,001,594</u>
Endowment net assets, end of year	<u>\$ 4,001,594</u>	<u>\$ 17,541,705</u>	<u>\$ 21,543,299</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE K - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

Endowment and Board-designated net assets had the following compositions as of August 31, 2020:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds subject to expenditures for specified use	\$ -	\$ 2,277,867	\$ 2,277,867
Donor-restricted endowment funds perpetual in nature	-	14,233,241	14,233,241
Board-designated endowment funds	<u>2,743,995</u>	<u>-</u>	<u>2,743,995</u>
Endowment net assets, end of year	<u>\$ 2,743,995</u>	<u>\$ 16,511,108</u>	<u>\$ 19,255,103</u>

The Foundation's endowment and Board-designated net assets had the following activity for the year ended August 31, 2021:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 2,743,995</u>	<u>\$ 16,511,108</u>	<u>\$ 19,255,103</u>
Investment return:			
Investment income	184,826	-	184,826
Changes in assets held by Jewish Federation of Greater Philadelphia	-	45,074	45,074
Net appreciation - realized and unrealized	<u>312,318</u>	<u>2,366,289</u>	<u>2,678,607</u>
Total investment return	497,144	2,411,363	2,908,507
Contributions	250	78,604	78,854
Appropriation of endowment assets from expenditure	-	(497,917)	(497,917)
Board-designated activities, net	<u>760,205</u>	<u>(961,453)</u>	<u>(201,248)</u>
Changes in net assets	<u>1,257,599</u>	<u>1,030,597</u>	<u>2,288,196</u>
Endowment net assets, end of year	<u>\$ 4,001,594</u>	<u>\$ 17,541,705</u>	<u>\$ 21,543,299</u>

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE K - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

The Foundation's endowment and Board-designated net assets had the following activity for the year ended August 31, 2020:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,337,071	\$ 15,917,872	\$ 18,254,943
Investment return:			
Investment income	311,026	-	311,026
Changes in assets held by Jewish Federation of Greater Philadelphia	-	(10,431)	(10,431)
Net appreciation - realized and unrealized	<u>20,187</u>	<u>1,193,763</u>	<u>1,213,950</u>
Total investment return	331,213	1,183,332	1,514,545
Contributions	-	81,184	81,184
Appropriation of endowment assets from expenditure	-	(444,084)	(444,084)
Board-designated activities, net	<u>75,711</u>	<u>(227,196)</u>	<u>(151,485)</u>
Changes in net assets	<u>406,924</u>	<u>593,236</u>	<u>1,000,160</u>
Endowment net assets, end of year	<u>\$ 2,743,995</u>	<u>\$ 16,511,108</u>	<u>\$ 19,255,103</u>

[1] Return objectives and risk parameters:

The Foundation has adopted investment and spending policies for endowment and Board-designated assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets. An additional purpose of the fund is to provide a source of funds for a time when the Foundation may face a financial emergency, subject to any funds being utilized in such a manner which is consistent with the original donor restrictions. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as Board-designated funds.

From time-to-time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or state law requires the Foundation to retain as a fund of perpetual duration. Accordingly, deficiencies of this nature would be reported in net assets without donor restrictions. There were no such deficiencies as of August 31, 2021 or 2020.

[2] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's current asset allocation policy for endowment and Board-designated funds targets 33% in domestic equities, 27% in international equities, and 40% in fixed income securities.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE K - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

[3] Spending policy and how the investment objectives relate to spending policy:

The Foundation's Board of Directors has approved, for each of the years ended August 31, 2021 and 2020, an annual spending rate of 5% of the market value of endowment and Board-designated funds averaged over several years. Earnings on net assets with donor restrictions are released from donor-restricted funds and are used in accordance with donor stipulations.

NOTE L - COMMITMENTS AND CONTINGENCIES

[1] Leases:

The Organization has an operating lease for its office and program facilities that expires in April of 2022. Future minimum payments for the year ending August 21, 2022 are \$58,119.

Total rental expense for the years ended August 31, 2021 and 2020 was \$369,525 and \$465,726, respectively.

[2] Pension plan:

The Organization participates in a defined benefit pension plan administered by the Jewish Federation of Greater Philadelphia. Pension expense under this plan for participating employees was \$153,911 and \$166,084 for the years ended August 31, 2021 and 2020, respectively. Separate information about the Organization's share of plan assets and benefits is not available. The Organization is not aware of any unfunded obligations to the plan. Effective September 1, 2011, the Organization discontinued participation in the plan, although it is still required to maintain adequate funding to support the plan's liabilities and obligations.

[3] Employee benefits:

The Organization has a defined contribution money purchase pension plan covering eligible employees. All employees eligible for benefits can participate in the plan. Employer contributions to the plan are 2% of eligible wages after one year of service. Beginning with calendar year 2012, the Organization provides an additional contribution to all eligible employees in the amount of 2% of annual wages at the end of each calendar year as an additional benefit due to the discontinued participation in the Federation Pension Plan. Employees become fully vested after three years of service. Contributions to the plan for the years ended August 31, 2021 and 2020 were \$214,000 and \$257,502, respectively.

[4] Other uncertainties:

The operations of the Organization did not change significantly as a result of the coronavirus ("COVID-19") pandemic. There were additional protocols put in place and costs were incurred to implement safety measures but the nature of the client base served did not result in a decrease in the number of clients or level of funding.

The extent to which the COVID-19 pandemic could have a material impact on the Organization's future business, financial condition and results of operations will depend on future developments as to the geographic presence of COVID-19 and government and health care response to such spread, which are presently uncertain.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Notes to Combined Financial Statements
August 31, 2021 and 2020**

NOTE M - CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments that potentially expose JFCS and the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, receivables and financial instruments. JFCS and the Foundation maintain cash balances at several financial institutions located in the Greater Philadelphia, Pennsylvania area, which, at times, exceed federally insured limits. The Organization has not experienced any losses on those accounts and believes that it is not exposed to a significant risk on cash deposits.

A significant portion of JFCS' revenue and related receivables are derived from Jewish Federation of Greater Philadelphia, Philadelphia Department of Human Services, Philadelphia Department of Behavioral Health and Intellectual Disability Services, Conference on Jewish Material Claims Against Germany, Inc. and other Pennsylvania counties and program-related funds from individuals.

JFCS and the Foundation invest in various investment securities that are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the combined statements of financial position.

The Board of Directors has implemented investment guidelines intended to mitigate the investments' risk. See notes D, G, and K for investment information.

NOTE N - COLLECTIVE BARGAINING AGREEMENT

Approximately 40% of total employees are covered by a collective bargaining agreement for each of the years ended August 31, 2021 and 2020. This agreement expires on August 31, 2024. These employees do not participate in any retirement plan offered through the Union.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated for subsequent events occurring after August 31, 2021 (the financial statement date) through January 12, 2022, which represents the date the report was available to be issued.

SUPPLEMENTARY INFORMATION

UNIFORM GUIDANCE REQUIREMENTS

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Expenditures
Federal Awards				
U.S. Department of Health And Human Services				
Pass-Through:				
Pennsylvania Department of Public Welfare/Philadelphia Department of Public Health:				
Block Grants for the Prevention and Treatment of Substance Abuse:				
Drug and Alcohol Programs	93.959	21-20003	7/01/20-6/30/21	\$ 510,006
Drug and Alcohol Programs	93.959	21-20003-01	7/01/21-6/30/22	42,237
Teen Pregnancy Prevention	93.959	21-20003	7/01/20-6/30/21	96,051
Teen Pregnancy Prevention	93.959	21-20003-01	7/01/21-6/30/22	19,177
Early Intervention Program	93.959	21-20003	7/01/20-6/30/21	75,320
Early Intervention Program	93.959	21-20003-01	7/01/21-6/30/22	22,284
Summer Program	93.959	21-20003	7/01/20-6/30/21	<u>37,760</u>
Total Pennsylvania Department of Public Welfare/Philadelphia Department of Public Health				<u>802,835</u>
Bucks County Drug and Alcohol Commission, Inc.:				
Block Grants for the Prevention and Treatment of Substance Abuse:				
Drug and Alcohol Program	93.959	575	7/01/20-6/30/21	65,888
Drug and Alcohol Program	93.959	575	7/01/21-6/30/22	<u>4,558</u>
Total Bucks County Drug and Alcohol Commission, Inc.				<u>70,446</u>
Total Federal Awards				<u>873,281</u>
State Awards				
Pennsylvania Department of Public Welfare				
Pennsylvania Department of Public Welfare/Philadelphia Department of Public Health				
Gambling Prevention Program	N/A	21-20003	7/01/20-6/30/21	211,567
Gambling Prevention Program	N/A	21-20003-01	7/01/21-6/30/22	21,510
Suicide Prevention Program	N/A	21-20003	7/01/20-6/30/21	65,883
Suicide Prevention Program	N/A	21-20003-01	7/01/21-6/30/22	<u>2,681</u>
Total Pennsylvania Department of Public Welfare/Philadelphia Department of Public Health				<u>301,641</u>
Bucks County Drug And Alcohol Commission, Inc.:				
Drug and Alcohol Program	N/A	575	7/01/20-6/30/21	15,055
Drug and Alcohol Program	N/A	575	7/01/21-6/30/22	1,042
Gambling Prevention Program	N/A	575	7/01/20-6/30/21	32,786
Gambling Prevention Program	N/A	575	7/01/21-6/30/22	<u>1,929</u>
Total Bucks County Drug And Alcohol Commission, Inc.				<u>50,812</u>
Pennsylvania Department of Education				
Pass-Through:				
School District of Philadelphia:				
Elect program	N/A	0703/AF17	7/01/20-6/30/21	550,546
Elect program	N/A	0703/AF17	7/01/21-6/30/22	<u>114,053</u>
Total School District Philadelphia				<u>664,599</u>
Total state awards				<u>1,017,052</u>
Total federal and state awards				<u>\$ 1,890,333</u>

See notes to schedule of expenditures of federal and state awards.

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

Notes to Schedule of Expenditures of Federal and State Awards August 31, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes all awards received directly from federal agencies or pass through other governmental agencies or nonprofit organizations.

The accompanying Schedule of Expenditures of Federal and State Awards includes the activity of all federal and state financial assistance programs of the Organization for the year ended August 31, 2021. The Organization's reporting entity is defined in Note A of the Organization's combined financial statements. 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)*, and *the City of Philadelphia Subrecipient Audit Guide*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the accompanying Schedule of Expenditures of Federal and State Awards are reported using the accrual basis of accounting, which is described in Note A to the Organization's combined financial statements. Such expenditures are recognized following the cost principles contained in *Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented when available.

NOTE C - PROGRAM/AWARD AMOUNTS

The Organization has an August 31 year-end. A portion of their grant awards generally have contract periods ending June 30. Therefore, the accompanying schedule of expenditures of federal and state awards contain financial activity for the last ten months of June 30, 2021 contracts and for the first two months of the June 30, 2022 contracts.

Based on information from the funding agencies, and to retain consistency, the program/award allocations for the June 30, 2022 contracts have been allocated in the same percentages as the June 30, 2021 program/award amounts.

NOTE D - RELATIONSHIP TO BASIC COMBINED FINANCIAL STATEMENTS

Federal and state financial award expenditures are reported on the combined statements of functional expenses as program services. In certain programs, the expenditures reported in the basic combined financial statements may differ from expenditures reported in the schedule of expenditures of federal and state awards because program expenditures which exceed grant or contract budget limitations are not included as federal and state awards.

NOTE E - INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Jewish Family and Children's Service of Greater Philadelphia and
Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. (a nonprofit organization) (the "Organization"), which comprise the combined statement of financial position as of August 31, 2021, and the related combined statements of activities and changes in net assets, functional expenses, functional expenses, detail of program services and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statement, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s combined financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
January 12, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE CITY OF PHILADELPHIA SUBRECIPIENT AUDIT GUIDE

To the Board of Directors of
Jewish Family and Children's Service of Greater Philadelphia

Report on Compliance for the Major Federal Program

We have audited Jewish Family and Children's Service of Greater Philadelphia's (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the City of Philadelphia Subrecipient Audit Guide* that could have a direct and material effect on the Organization's major federal program for the year ended August 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and *The City of Philadelphia Subrecipient Audit Guide* (Guide). Those standards, Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, Jewish Family and Children's Service of Greater Philadelphia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2021.



Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and The City of Philadelphia Subrecipient Audit Guide. Accordingly, this report is not suitable for any other purpose.

The logo for EisnerAmper LLP, featuring the company name in a stylized, cursive script.

EISNERAMPER LLP
Philadelphia, Pennsylvania
January 12, 2022

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Schedule of Findings and Questioned Costs
August 31, 2021**

Section I - Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. were prepared in accordance with U.S. GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the combined financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards program are reported in the Independent auditors' report on compliance for the major program and on internal control over compliance required by the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide.
5. The auditors' report on compliance for the major federal award program for the Organization expresses an unmodified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The following program was tested as a major program:

U.S. Department of Health and Human Services Block Grants for Prevention and Treatment of Substance Abuse AL No. 93.959
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

Findings - Financial Statement

None

Findings and Questioned Costs - Major Federal Award

None

**SUPPLEMENTARY INFORMATION FOR
THE CITY OF PHILADELPHIA
DEPARTMENT OF PUBLIC HEALTH**

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Coordinating Office for Drug and Alcohol Abuse Programs
 Contract Number 21-20003-01
 Schedule of Functional Expenditures by Program and Revenue by Funding Sources
 July 1, 2020 to June 30, 2021**

	(a) July 1, 2020 to August 31, 2020						(b) September 1, 2020 to June 30, 2021						(a) + (b) Total for the Contract Period July 1, 2020 to June 30, 2021								
	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	
Functional expenditures by program:																					
Personnel services	\$ 17,766	\$ 15,035	\$ 10,253	\$ 19,043	\$ 8,615	\$ -	\$ 70,702	\$ 399,521	\$ 76,378	\$ 161,104	\$ 47,092	\$ 50,335	\$ -	\$ -	\$ 734,430	\$ 417,277	\$ 91,413	\$ 171,357	\$ 66,135	\$ 58,950	
Operating expenses	10,013	3,726	5,037	4,728	2,502	-	26,006	110,485	19,673	50,463	28,228	15,548	-	37,760	262,157	120,498	23,399	55,500	32,956	18,050	
Total functional expenditures by program	<u>27,769</u>	<u>18,761</u>	<u>15,290</u>	<u>23,771</u>	<u>11,117</u>	<u>-</u>	<u>96,708</u>	<u>510,006</u>	<u>96,051</u>	<u>211,567</u>	<u>75,320</u>	<u>65,883</u>	<u>-</u>	<u>37,760</u>	<u>996,587</u>	<u>537,775</u>	<u>114,812</u>	<u>226,857</u>	<u>99,091</u>	<u>77,000</u>	
Revenue by funding sources																					
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse Programs	27,769	18,761	15,290	23,771	11,117	-	96,708	510,006	96,051	211,567	75,320	65,883	-	37,760	996,587	537,775	114,812	226,857	99,091	77,000	
School District of Philadelphia Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenue by funding sources	<u>27,769</u>	<u>18,761</u>	<u>15,290</u>	<u>23,771</u>	<u>11,117</u>	<u>-</u>	<u>96,708</u>	<u>510,006</u>	<u>96,051</u>	<u>211,567</u>	<u>75,320</u>	<u>65,883</u>	<u>-</u>	<u>37,760</u>	<u>996,587</u>	<u>537,775</u>	<u>114,812</u>	<u>226,857</u>	<u>99,091</u>	<u>77,000</u>	
Revenue over functional expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.

**Coordinating Office for Drug and Alcohol Abuse Programs
 Contract Number 17-20072-03
 Schedule of Functional Expenditures by Program and Revenue by Funding Sources
 July 1, 2019 to June 30, 2020**

	(a) July 1, 2019 to August 31, 2019							(b) September 1, 2019 to June 30, 2020							(a) + (b) Total for the Contract Period July 1, 2019 to June 30, 2020								
	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	
Functional expenditures by program:																							
Personnel services	\$ 21,714	\$ 6,227	\$ 8,250	\$ 10,136	\$ 784	\$ 7,904	\$ 55,015	\$ 394,914	\$ 83,452	\$ 151,715	\$ 77,331	\$ 54,032	\$ -	\$ -	\$ 761,444	\$ 416,628	\$ 89,679	\$ 159,965	\$ 87,467	\$ 54,816	\$ -	\$ 7,904	
Operating expenses	12,023	2,140	5,616	3,467	1,949	35,396	60,591	109,124	22,993	83,126	29,066	20,235	64,800	-	329,344	121,147	25,133	88,742	32,533	22,184	64,800	35,396	
Total functional expenditures by program	33,737	8,367	13,866	13,603	2,733	43,300	115,606	504,038	106,445	234,841	106,397	74,267	64,800	-	1,090,788	537,775	114,812	248,707	120,000	77,000	64,800	43,300	
Revenue by funding sources																							
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse Programs	33,737	8,367	13,866	13,603	2,733	43,300	115,606	504,038	106,445	234,841	106,397	74,267	64,800	-	1,090,788	537,775	114,812	248,707	120,000	77,000	64,800	43,300	
School District of Philadelphia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue by funding sources	33,737	8,367	13,866	13,603	2,733	43,300	115,606	504,038	106,445	234,841	106,397	74,267	64,800	-	1,090,788	537,775	114,812	248,707	120,000	77,000	64,800	43,300	
Revenue over functional expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA

Notes to Supplementary Information for the City of Philadelphia, Department of Public Health August 31, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying supplementary information has been prepared solely to comply with the regulatory requirements of the City of Philadelphia, Department of Public Health, Coordinating Office for Drug and Alcohol Abuse Programs. Because the data submitted is limited to those requirements, this schedule is not intended to present results of operations in accordance with accounting principles generally accepted in the United States of America.

NOTE B - DESCRIPTION OF PROGRAMS

The following programs and services were provided by the Organization under contracts with the City of Philadelphia, Department of Public Health, for the period from July 1, 2020 to August 31, 2021 through the Coordinating Office for Drug and Alcohol Abuse Programs:

Project Pride: provides workshops and seminars to middle and junior high school students, parents, teachers and counselors aimed at preventing drug and alcohol abuse.

Wee Care: provides counseling on drug and alcohol abuse and prevention for teenagers who are pregnant or to their parents.

NOTE C - EQUIPMENT PURCHASES

Equipment purchased under contracts with the City of Philadelphia, Department of Public Health, remains the property of the City of Philadelphia subject to JFCS' exclusive use during the term of the contract and any subsequent contract renewals. At the conclusion of the contract and any subsequent contract renewals, JFCS has the option of acquiring the equipment based upon fair market value determined by independent appraisal.