

**JEWISH FAMILY & CHILDREN'S SERVICE OF
GREATER MERCER COUNTY, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Jewish Family & Children's Service of Greater Mercer County, Inc.
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family & Children's Service of Greater Mercer County, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jewish Family & Children's Service of Greater Mercer County, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jewish Family & Children's Service of Greater Mercer County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Family & Children's Service of Greater Mercer County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family & Children's Service of Greater Mercer County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family & Children's Service of Greater Mercer County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and county awards, as required by the State of New Jersey is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal, state and county awards is fairly stated, in all material respects, in relation to the 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 November 7, 2023, on our consideration of Jewish Family & Children's Service of Greater Mercer County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jewish Family & Children's Service of Greater Mercer County, 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 & Children's Service of Greater Mercer County, Inc.'s internal control over financial reporting and compliance.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 7, 2023



Accountants and Advisors for Entrepreneurial Minds

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash, unrestricted	\$ 958,988	\$ 1,059,116
Investments	5,000	5,000
Accounts receivable, net	37,263	66,125
Grants receivable	120,195	28,127
Prepaid expenses and other current assets	43,562	34,452
Unconditional promises to give	394,832	5,375
Operating lease right-of-use asset	4,389	6,929
Finance lease right-of-use asset	23,735	30,359
Beneficial interests in assets held by foundation	1,417,983	1,339,590
Property and equipment, net	731,074	775,187
Cash, restricted	359,887	408,786
Certificate of deposit, restricted	16,028	15,996
Cash surrender value of life insurance	<u>123,000</u>	<u>110,000</u>
Total assets	<u>\$ 4,235,936</u>	<u>\$ 3,885,042</u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 98,401	\$ 76,477
Accrued expenses	4,837	2,244
Accrued payroll and payroll taxes	25,884	25,480
Deferred revenue	48,337	119,764
Deferred compensation	88,000	83,000
Operating lease liability	4,307	6,846
Finance lease liability	20,972	26,636
Long-term debt	<u>115,000</u>	<u>115,000</u>
Total liabilities	405,738	455,447
 Net assets		
Net assets without donor restrictions	1,642,667	1,705,998
Net assets with donor restrictions	<u>2,187,531</u>	<u>1,723,597</u>
Total net assets	<u>3,830,198</u>	<u>3,429,595</u>
Total liabilities and net assets	<u>\$ 4,235,936</u>	<u>\$ 3,885,042</u>

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions of financial assets	\$ 1,879,628	\$ 164,289	\$ 2,043,917
Contributions of nonfinancial assets	108,483	394,832	503,315
Counseling and service fees	253,913	--	253,913
Investment income	502	140,478	140,980
Special events - fundraising	<u>251,355</u>	<u>--</u>	<u>251,355</u>
Total support and revenue before net assets released from restrictions	2,493,881	699,599	3,193,480
Net assets released from restrictions	<u>235,665</u>	<u>(235,665)</u>	<u>--</u>
Total support and revenue	2,729,546	463,934	3,193,480
Expenses			
Program expenses	2,340,141	--	2,340,141
General and administrative	265,954	--	265,954
Fundraising	<u>186,782</u>	<u>--</u>	<u>186,782</u>
Total expenses	<u>2,792,877</u>	<u>--</u>	<u>2,792,877</u>
Change in net assets	(63,331)	463,934	400,603
Net assets – beginning of year	<u>1,705,998</u>	<u>1,723,597</u>	<u>3,429,595</u>
Net assets – end of year	<u>\$ 1,642,667</u>	<u>\$ 2,187,531</u>	<u>\$ 3,830,198</u>

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions of financial assets	\$ 1,581,166	\$ 174,164	\$ 1,755,330
Contributions of nonfinancial assets	20,669	--	20,669
Counseling and service fees	297,102	--	297,102
Investment income (loss)	401	(267,110)	(266,709)
Special events - fundraising	<u>305,351</u>	<u>--</u>	<u>305,351</u>
Total support and revenue before net assets released from restrictions	2,204,689	(92,946)	2,111,743
Net assets released from restrictions	<u>608,054</u>	<u>(608,054)</u>	<u>--</u>
Total support and revenue	2,812,743	(701,000)	2,111,743
 Expenses			
Program expenses	2,160,831	--	2,160,831
General and administrative	269,207	--	269,207
Fundraising	<u>166,534</u>	<u>--</u>	<u>166,534</u>
Total expenses	<u>2,596,572</u>	<u>--</u>	<u>2,596,572</u>
Change in net assets	216,171	(701,000)	(484,829)
Net assets – beginning of year	<u>1,489,827</u>	<u>2,424,597</u>	<u>3,914,424</u>
Net assets – end of year	<u>\$ 1,705,998</u>	<u>\$ 1,723,597</u>	<u>\$ 3,429,595</u>

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Senior Services</u>	<u>Counseling Expenses</u>	<u>Case Management</u>	<u>Community Programs</u>	<u>Food Expenses</u>	<u>Total Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 127,691	\$ 301,953	\$ 22,390	\$ 247,035	\$ 121,036	\$ 820,105	\$ 158,359	\$ 100,366	\$ 1,078,830
Financial assistance	463,745	--	6,981	43,274	526,885	1,040,885	--	--	1,040,885
Professional fees	6,259	97,854	963	14,839	7,809	127,724	51,773	--	179,497
Payroll taxes	10,406	24,619	1,828	20,145	9,893	66,891	12,923	8,172	87,986
Employee benefits	9,289	7,191	2,710	18,583	11,493	49,266	8,608	5,187	63,061
Depreciation	4,546	10,491	699	9,092	17,443	42,271	5,595	--	47,866
Insurance	5,860	13,524	902	11,721	5,860	37,867	7,212	--	45,079
Conferences and meetings	6,691	5,029	152	4,890	6,871	23,633	1,215	16,168	41,016
Special events	--	--	--	--	--	--	--	36,251	36,251
Utilities	6,066	8,259	551	7,158	3,579	25,613	4,405	--	30,018
Rent	3,202	5,659	377	5,840	2,452	17,530	3,019	2,360	22,909
Printing and publishing	662	2,943	74	2,886	2,168	8,733	585	9,370	18,688
Miscellaneous expenses	1,895	5,262	321	4,875	2,115	14,468	2,570	98	17,136
Computer software	1,304	3,010	201	2,637	1,275	8,427	1,605	6,698	16,730
Lease expense	1,255	9,496	193	2,510	1,255	14,709	1,207	--	15,916
Repairs and maintenance	1,538	3,548	237	3,320	3,461	12,104	1,891	--	13,995
Payroll service	1,093	2,523	168	2,187	1,093	7,064	1,347	--	8,411
Travel	506	342	15	3,293	3,056	7,212	121	227	7,560
Office expense	709	2,081	101	1,481	1,521	5,893	808	44	6,745
Dues and subscriptions	845	1,950	130	1,690	845	5,460	1,040	100	6,600
Postage and delivery	313	663	44	574	859	2,453	353	1,341	4,147
Interest expense	486	1,121	75	972	486	3,140	934	--	4,074
Equipment rental and maintenance	201	465	31	563	346	1,606	248	--	1,854
Advertising and marketing	211	625	17	222	111	1,186	136	400	1,722
Bad debt (recovery)	--	(4,099)	--	--	--	(4,099)	--	--	(4,099)
Total expenses	\$ 654,773	\$ 504,509	\$ 39,160	\$ 409,787	\$ 731,912	\$ 2,340,141	\$ 265,954	\$ 186,782	\$ 2,792,877

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	<u>Senior Services</u>	<u>Counseling Expenses</u>	<u>Case Management</u>	<u>Community Programs</u>	<u>Food Expenses</u>	<u>Total Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 113,971	\$ 298,859	\$ 21,850	\$ 159,559	\$ 232,847	\$ 827,086	\$ 161,810	\$ 102,968	\$ 1,091,864
Financial assistance	359,173	--	7,442	43,265	456,802	866,682	--	99	866,781
Professional fees	3,091	90,252	562	5,596	9,025	108,526	49,177	50	157,753
Payroll taxes	9,003	23,608	1,726	12,605	18,392	65,334	12,778	8,149	86,261
Employee benefits	4,442	10,737	2,469	13,081	23,335	54,064	8,553	5,051	67,668
Depreciation	4,655	12,695	846	6,771	23,477	48,444	6,770	--	55,214
Insurance	4,742	12,932	862	6,897	10,777	36,210	6,897	--	43,107
Conferences and meetings	4,387	2,681	159	2,562	6,959	16,748	1,272	--	18,020
Special events	--	--	--	--	--	--	--	44,825	44,825
Utilities	6,128	7,942	871	4,236	6,618	25,795	4,235	--	30,030
Rent	1,744	4,757	317	2,687	3,964	13,469	2,536	200	16,205
Printing and publishing	912	2,620	166	2,372	10,411	16,481	1,327	1,955	19,763
Miscellaneous expenses	1,878	4,949	296	2,534	3,927	13,584	2,422	1,000	17,006
Computer software	1,896	5,200	345	2,830	4,328	14,599	2,758	2,214	19,571
Lease expense	602	8,241	109	875	1,368	11,195	713	--	11,908
Repairs and maintenance	883	2,409	161	1,285	3,912	8,650	1,284	--	9,934
Payroll service	956	2,606	174	1,390	2,172	7,298	1,389	--	8,687
Travel	676	63	--	255	2,731	3,725	--	--	3,725
Office expense	764	968	56	772	1,993	4,553	446	--	4,999
Dues and subscriptions	876	1,981	132	1,129	1,651	5,769	1,057	8	6,834
Postage and delivery	299	471	31	251	522	1,574	251	15	1,840
Interest expense	411	1,121	75	598	934	3,139	762	--	3,901
Equipment rental and maintenance	1,093	2,980	199	1,589	2,483	8,344	1,590	--	9,934
Advertising and marketing	1,537	340	10	179	129	2,195	84	--	2,279
Bad debt (recovery)	--	(2,633)	--	--	--	(2,633)	--	--	(2,633)
Loss on fixed asset disposal	--	--	--	--	--	--	1,096	--	1,096
Total expenses	\$ 524,119	\$ 495,779	\$ 38,858	\$ 273,318	\$ 828,757	\$ 2,160,831	\$ 269,207	\$ 166,534	\$ 2,596,572

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 400,603	\$(484,829)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt expense (recovery)	(4,099)	(2,633)
Loss on fixed asset disposal	--	1,096
Depreciation expense	47,866	55,214
Amortization of finance lease right of use asset	6,624	--
Net unrealized (gain) loss on investments	(115,298)	285,821
Non-cash operating lease expense	1	(83)
Change in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable, net	32,961	1,701
Grants receivable	(92,068)	16,247
Prepaid expenses and other current assets	(9,110)	(872)
Unconditional promises to give	(389,457)	1,000
Increase (decrease) in liabilities		
Accounts payable	21,924	(1,112)
Accrued expenses	2,593	(14,325)
Accrued payroll and payroll taxes	404	4,737
Deferred revenue	(71,427)	66,079
Deferred compensation	<u>5,000</u>	<u>4,000</u>
Net cash used in operating activities	(163,483)	(67,959)
Cash flows from investing activities		
Increase in value of certificate of deposit	(32)	(8)
Withdrawal of assets held by foundation	36,905	40,403
Purchases of property and equipment	(3,753)	(15,125)
Increase in cash surrender value of life insurance	<u>(13,000)</u>	<u>(12,000)</u>
Net cash provided by investing activities	20,120	13,270
Cash flows from financing activities		
Principal payments of finance leases	<u>(5,664)</u>	<u>(3,723)</u>
Net cash used in financing activities	<u>(5,664)</u>	<u>(3,723)</u>
Change in cash	(149,027)	(58,412)
Cash at beginning of year	<u>1,467,902</u>	<u>1,526,314</u>
Cash at end of year	<u>\$ 1,318,875</u>	<u>\$ 1,467,902</u>
Reconciliation of cash		
Cash, unrestricted	\$ 958,988	\$ 1,059,116
Cash, restricted	<u>359,887</u>	<u>408,786</u>
Total cash	<u>\$ 1,318,875</u>	<u>\$ 1,467,902</u>
Supplemental disclosures of cash flow information		
Cash paid for the years for interest	<u>\$ 336</u>	<u>\$ 163</u>

See notes to financial statements

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies

Significant accounting policies followed by the Organization in the preparation of the accompanying financial statements are summarized below:

Nature of organization

Jewish Family & Children's Service of Greater Mercer County, Inc. (the "Organization") is a community service agency that strengthens individuals and families throughout the Greater Mercer County and Lower Bucks County community by teaching people how to care for themselves and each other. The Organization has had an established presence in Mercer County for more than 75 years as a comprehensive social services agency for both the local Jewish and secular community.

The Organization is dedicated to strengthening families and individuals by providing a wide range of social services and programs including therapy, information and referral, support, education and advocacy. The Organization is a state licensed, non-profit mental health agency that is accredited by the Council on Accreditation for Children and Families. The Organization ascribes to best practice standards for mental health services and client care.

Programs and services provided by the Organization include broad multi-service programs for seniors including nutrition sites; case management; Holocaust survivor services and transportation; mental health counseling for individuals, couples, and families in both English and Spanish; financial assistance; kosher food pantry and food vouchers; support and family life education.

Basis of presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following classifications to distinguish among restrictions:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions may be spent for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. Contributions with donor imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Organization had \$2,187,531 and \$1,723,597 in net assets with donor restrictions at June 30, 2023 and 2022, respectively.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Cash and cash equivalents

Short-term investments, certificates of deposit and treasury obligations with an original maturity of three months or less are considered to be cash equivalents. The Organization has no cash equivalents at June 30, 2023 and 2022.

The Organization's cash deposits exceed the federally insured limits at various times throughout the year. The Organization has not experienced any losses in these accounts. The Organization maintains its cash with high quality financial institutions which management believes limits these risks.

Promises to give

Unconditional promises to give are recognized as contribution revenue in the period received. Promises to give expected to be collected in less than one year are recorded at net realizable value. Pledges expected to be collected in more than one year are discounted to the present value of future cash flows to be recorded at fair value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contribution revenue recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as without or with donor restrictions according to stipulations that limit the use of these assets due to time or purpose restrictions.

Program revenues and accounts receivable

Counseling and service fee revenues are recognized at the time services are provided. Accounts receivable are recorded net of contractual adjustments and an allowance for doubtful accounts; therefore, accounts receivable consist only of the amounts that management expects to receive. Because of the inherent uncertainties in estimating the allowance for doubtful accounts, it is at least reasonably possible that the estimates used will change within the near term. Receivables are written off as a charge to the allowance for doubtful accounts when management determines the receivable will not be collected. At June 30, 2023 and 2022, the Organization's accounts receivable were net of an allowance for doubtful accounts of \$826 and \$5,324, respectively.

The timing of revenue recognition, billings, and cash collections results in accounts receivable and deferred revenue on the statements of financial position. The Organization's policy is to record payments received toward the following fiscal year as deferred revenue.

The table below shows beginning and ending contract balances for the years ended June 30:

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Accounts receivable, net	\$ 37,263	\$	66,125	\$	65,193
Deferred revenue	\$ 48,337	\$	119,764	\$	53,685

Revenue recognized for the years ended June 30, 2023 and 2022 that was included in the contract liability balance at the beginning of each year totaled \$119,764 and \$53,685, respectively.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Contributions of nonfinancial assets

The Organization recognizes donated materials at their fair value on the date of donation to the extent that these items are able to be reasonably valued and provide tangible benefit to the Organization. Donated services are recognized as support if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and otherwise would be purchased by the Organization. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

In addition, members of the Organization and other individuals have contributed numerous hours of their time on a volunteer or nominally paid basis to develop and support various programs and fundraising activities. The value of the contributed time is not reflected in these financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Investments

Investments with readily determinable fair values are measured at fair value based on quoted market prices in the accompanying financial statements. Investment income or loss (including gains and losses in investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful lives of each asset. The estimated useful lives of the property and equipment range from three to thirty-nine years. Depreciation is computed using the straight-line method.

Additions and improvements, which extend the useful lives of the respective assets, are charged to the asset accounts and are depreciated accordingly, while general repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the change in net assets.

Functional expenses

The costs of providing programs and other activities are summarized in the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management. Accordingly, certain costs have been allocated among the programs, fundraising, and general areas. Costs are allocated as follows:

- Personnel costs are allocated based on estimated time and effort between program services, management and general and fundraising.
- Rent and occupancy costs are allocated based on the percentage of space used for program services, management and general and fundraising.
- Other expenses, including programming and development are based on identification of specific costs, as well as a percentage of occupancy costs.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Advertising

The Organization expenses advertising costs as incurred. Total advertising expense for the years ended June 30, 2023 and 2022 totaled \$1,722 and \$2,279, respectively.

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized as of June 30, 2023 and 2022.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of June 30, 2023 or 2022, or the accompanying statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 2 – Cash and certificate of deposit - restricted

The Organization maintains separate bank accounts which are restricted for board designated purposes, as described in Note 8.

The Organization's certificate of deposit has been donor restricted for scholarships.

Note 3 – Contributions of nonfinancial assets and promises to give

Contributed nonfinancial assets recognized within the accompanying financial statements for the years ended June 30 consist of:

	<u>2023</u>	<u>2022</u>
Payments of food bills	\$ 500,000	\$ --
Gifts cards	3,155	12,153
Food	--	6,012
Phones	--	2,504
Other	160	--
	<u>\$ 503,315</u>	<u>\$ 20,669</u>

In the year ended June 30, 2023, the Organization received a commitment to pay bills for food totalling \$500,000. Amounts included in financial assistance expense in the year ended June 30, 2023 totalled \$105,168, the balance of \$394,832 will be used to pay invoices for food in subsequent periods and is reflected as unconditional promises to give in the accompanying financial statements. For the year ended June 30, 2022, the Organization received gift cards, food, and phones, at no charge, from unrelated nonprofit organizations and a private donor, which are used to support programming operations. The value of gift cards is based on the gift cards cash value, as provided by the donor. Donated food is valued at the estimated fair value on the date of donation and the value of phones is based on the estimated cost, as provided by the donor.

Note 4 – Fair value

Financial Accounting Standards Board ASC 820, Fair Value Measurements, provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

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

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 4 – Fair value (continued)

Level 2 – Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Investments in investee funds that are valued using the net asset values (NAV) of the underlying investee fund as a practical expedient have been excluded from the fair value hierarchy and are shown as a separate column in the fair value leveling table. Where the Organization has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) using the practical expedient, such investments have been excluded from the fair value hierarchy. Funds held and valued by the Jewish Community Foundation of Greater Mercer (the Foundation) are valued using this method.

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

The following table sets forth by level, within fair value hierarchy, the Organization's assets at fair value as of June 30, 2023.

	Level 1 Quoted Prices in Active Markets	Level 2 Observable Measurement Criteria	Level 3 Unobservable Measurement Criteria	Total
Bonds	\$ 5,000	\$ --	\$ --	\$ 5,000
Beneficial interest in assets held by Foundation	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,417,983</u>
Total assets	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,422,983</u>

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 4 – Fair value (continued)

The following table sets forth by level, within fair value hierarchy, the Organization's assets at fair value as of June 30, 2022.

	Level 1 Quoted Prices in Active Markets	Level 2 Observable Measurement Criteria	Level 3 Unobservable Measurement Criteria	Total
Bonds	\$ 5,000	\$ --	\$ --	\$ 5,000
Beneficial interest in assets held by Foundation	--	--	--	1,339,590
Total assets	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,344,590</u>

Note 5 – Property and equipment

Property and equipment consists of the following as of June 30:

	2023	2022
Buildings	\$ 926,212	\$ 924,462
Furniture	35,028	38,147
Equipment	199,409	197,406
Artwork	4,257	4,257
Vehicle	<u>189,118</u>	<u>189,118</u>
Total property and equipment	1,354,024	1,353,390
Less: accumulated depreciation	<u>(622,950)</u>	<u>(578,203)</u>
Property and equipment, net	<u>\$ 731,074</u>	<u>\$ 775,187</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$47,866 and \$55,214, respectively.

Note 6 – Beneficial interest in assets held by foundation

The Organization established an investment account with the Foundation. The Foundation has authority over the investment of the assets in the fund. The assets are available to the Organization for charitable purposes.

The Organization was named in the will of a deceased donor to the Foundation. The Organization may withdraw up to two percent of the principal of the assets in the fund each year. As of June 30, 2023, interest of \$20,983 and principal of \$25,379 were available to be withdrawn. The value of the fund as of June 30, 2023 and 2022 was \$1,296,800 and \$1,275,303, respectively. The assets are not available for current use and are classified as net assets with donor restrictions.

The Organization also holds various other funds under the Foundation, the value of these funds as of June 30, 2023 and 2022 totaled \$121,183 and \$64,287, respectively.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 6 – Beneficial interest in assets held by foundation (continued)

Investment income (loss) consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 31,757	\$ 33,862
Net unrealized gain (loss)	115,298	(285,821)
Realized gain	104	105
Investment management fees	<u>(6,179)</u>	<u>(14,855)</u>
	<u>\$ 140,980</u>	<u>\$ (266,709)</u>

Note 7 – Mortgage payable

The Organization has a \$115,000 mortgage on an office condominium in West Windsor, NJ, payable to the Jewish Federation of Mercer/Bucks Counties. The mortgage is non-interest bearing and secured by real estate with a book value of \$558,086 at June 30, 2023. The note is due upon the sale of this property. Interest expense of June 30, 2023 has been imputed at 3.25% for each of the years ended June 30, 2023 and 2022.

Note 8 – Board designated net assets and cash, restricted

The Board of Directors has set aside a portion of the Organization's net assets to be available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Building fund	\$ 40,690	\$ 40,370
Hebrew free loans	--	49,440
Ongoing operations	<u>319,197</u>	<u>318,976</u>
Total	<u>\$ 359,887</u>	<u>\$ 408,786</u>

Board designated funds are included in net assets without donor restrictions in the accompanying financial statements.

Note 9 – Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Income used for scholarships, principal permanently restricted	\$ 17,736	\$ 17,736
Food for assistance to family and children	394,832	--
Assistance to family and children	478,163	430,557
Assets held in charitable foundation - time restricted	<u>1,296,800</u>	<u>1,275,304</u>
Total net assets with donor restrictions	<u>\$ 2,187,531</u>	<u>\$ 1,723,597</u>

Net assets released from restrictions during the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Assistance to family and children	\$ 125,675	\$ 550,453
Assets held in charitable foundation - time restricted	<u>109,990</u>	<u>57,601</u>
Total released	<u>\$ 235,665</u>	<u>\$ 608,054</u>

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 10 – Liquidity and availability of financial assets

The Organization manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Organization's Investment Committee has decided can be tolerated. This policy is designed to ensure adequate financial assets are available to meet general expenditures, liabilities, and other obligations as they become due.

The Organization prepares a detailed budget to ensure adequate resources to cover programs. The Organization focuses on monitoring collections of receivables and timing vendor payments to maximize the time they have access to the cash. The Organization also has a \$150,000 revolving line of credit available for short-term liquidity needs. The following reflects the Organization's financial assets available to be used for the fulfillment of payments within one year of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash, unrestricted	\$ 958,988	\$ 1,059,116
Investments	5,000	5,000
Accounts receivable, net	37,263	66,125
Grants receivable	120,195	28,127
Unconditional promises to give	394,832	5,375
Beneficial interests in assets held by foundation, amount available for current use	<u>77,383</u>	<u>82,154</u>
Total financial assets	<u>\$ 1,593,661</u>	<u>\$ 1,245,897</u>

While the Organization does not intend to spend from board designated funds, amounts could be made available by the board if necessary.

Note 11 – Concentrations, revenues

Approximately 16% of the Organization's grant and contribution revenues are derived from various contracts with Mercer County. Approximately 47% of grants receivable at June 30, 2023 are due under these contracts.

Note 12 – Retirement plan

The Organization sponsors a defined contribution benefit plan, covering employees employed one year or more by the Organization. After completing one year of service, the Organization will contribute 1% of the participant's compensation. After completing two years of service, the Organization contributes 3% of the participant's compensation. The expense totaled \$23,748 and \$24,836 for the years ended June 30, 2023 and 2022, respectively.

Note 13 – Leasing activities

The Organization has operating and finance leases of security systems for its offices and for certain office equipment. These leases have remaining lease terms of 1 year to 4.5 years, some of which include options to extend the leases for 2 years.

The Organization elected to use the risk-free rate of return as the discount rate for all leases, unless an interest rate is implicit in the lease agreement. The Organization also elected to exclude leases with an initial term of one year or less from its right-of-use asset and lease liability. For certain equipment leases, the Organization accounts for the lease and non-lease components as a single lease.

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 13 – Leasing activities (continued)

The related assets and liabilities are identified as operating lease right-of-use assets and operating lease liabilities and finance lease right-of-use assets and finance lease liabilities in the accompanying financial statements.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term		
Operating leases	20 months	32 months
Finance leases	43 months	55 months
Weighted Average Discount Rate		
Operating leases	3.00%	3.00%
Finance leases	1.44%	1.44%

The maturities of lease liabilities as of June 30, 2023 were as follows:

	<u>Operating</u>	<u>Finance</u>
Year Ending June 30:		
2024	\$ 2,692	\$ 6,000
2025	1,716	6,000
2026	--	6,000
2027	--	3,500
Total lease payments	4,408	21,500
Less interest	(101)	(528)
Present value of lease liabilities	\$ 4,307	\$ 20,972

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Operating lease expense included in general and administrative expenses	\$ 2,539	\$ 2,420
Finance lease costs:		
Amortization of lease assets included in general and administrative expenses	\$ 6,624	\$ 2,760
Interest on lease liabilities included in general and administrative expenses	336	164
Total finance lease costs	\$ 6,960	\$ 2,924

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 13 – Leasing activities (continued)

The following summarizes cash flow information related to leases for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 2,692	\$ 1,707
Operating cash flows from finance leases	\$ 336	\$ 164
Financing cash flows from finance leases	\$ 5,664	\$ 2,336
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ --	\$ 7,316
Finance leases	\$ --	\$ 28,972

Note 14 – Commitments

The Organization has a deferred compensation agreement with a retired member of management with required payments of \$12,000 per year from 2025 through 2034. The present value of these payments has been reflected as a liability in the accompanying financial statements. The Organization purchased a life insurance policy to fund these obligations. The cash value of this policy is reflected as an asset on the accompanying financial statements.

Note 15 – Line of credit

The Organization has available a \$150,000 revolving line of credit with a bank which was secured by all assets of the Organization and bears interest at the prime rate plus 0.75% (9% at June 30, 2023). There were no borrowings against this line at June 30, 2023 and 2022. The line matures December 30, 2023. The line is collateralized by all assets of the Organization.

Note 16 – Subsequent events

The Organization evaluated subsequent events through November 7, 2023, which is the date the financial statements were available for issuance and has not noted any events to be disclosed.

INDEPENDENT AUDITOR'S 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
Jewish Family & Children's Service of Greater Mercer County, 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 financial statements of Jewish Family & Children's Service of Greater Mercer County, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Organization'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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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.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 7, 2023



Jewish Family & Children's Service of Greater Mercer County, Inc.
Schedule of Expenditures of Federal, State and County Awards
Year Ended June 30, 2023

<u>Federal Grantor / Pass-Through Grantor</u>	<u>Assistance Listing Number / Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Federal Expenditures</u>	<u>State / County Expenditures</u>
<u>United States Department of Homeland Security</u>					
Emergency Food and Shelter Program	97.024	7/1/2022-6/30/2023	\$ 99,527	\$ 99,527	\$ --
Non-Profit Security Program	97.008	10/1/2021-9/30/2024	33,369	--	--
<u>State of New Jersey</u>					
Department of Human Services	20010	7/1/2022-6/30/2024	75,988	--	4,021
Department of State Office of Faith Based Initiatives	OFBI23SP-016	7/1/2022-6/30/2023	20,000	--	20,000
<u>County of Mercer</u>					
Hispanic Outreach Services	2022-23	1/1/2022-12/31/2022	30,000	--	15,000
Hispanic Outreach Services	2022-123	1/1/2023-12/31/2023	30,000	--	15,000
Early Intervention Services	2022-355	1/1/2022-12/31/2022	25,850	--	5,610
Early Intervention Services	2023-122	1/1/2023-12/31/2023	25,850	--	10,995
Latinx Trauma Treatment Services	2022-22	1/1/2022-12/31/2022	76,000	--	38,000
Latinx Trauma Treatment Services	2023-80	1/1/2023-12/31/2023	76,000	--	38,000
Community Support Services	2022-21	1/1/2022-12/31/2022	135,300	--	67,650
Community Support Services	2023-125	1/1/2023-12/31/2023	135,300	--	67,650
Kosher Congregate Meal Services	2022-90	1/1/2022-12/31/2022	25,000	--	10,642
Kosher Congregate Meal Services	2022-90	1/1/2023-12/31/2023	25,000	--	13,632
Care Management Services	2023-124	1/1/2023-12/31/2023	72,800	--	45,686
Total expenditures of all awards				\$ 99,527	\$ 351,886

See accompanying notes to schedule of expenditures of federal, state and county awards

Jewish Family & Children's Service of Greater Mercer County, Inc.
Notes to Schedule of Expenditures of Federal, State and County Awards
June 30, 2023

Note 1 – Basis of presentation

The accompanying schedule of expenditures of federal, state and county awards includes the grant activity of Jewish Family & Children's Service of Greater Mercer County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of New Jersey Department of Human Services. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The purpose of the schedule is to present a summary of those activities of the Organization for the year ended June 30, 2023, which have been financed by federal, state and county agencies. For purposes of the schedule, federal, state and county awards include any assistance provided by an agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriation, loans, loan guarantees, property, interest subsidies, insurance and other non-cash assistance. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to, and does not, present either the financial position or the revenue, expenditures and other changes in net assets of the Organization.

Note 2 – Relationship to basic financial statements

Expenditures related to federal, state and county awards are reported in the statement of functional expenses under the captions of program services and general and administrative. With respect to certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the accompanying schedule of expenditures of federal, state and county awards due to program and general and administrative expenditures in excess of grant or contract budgets, matching or nonfinancial contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

Note 3 – Indirect costs

The Organization has not elected to use the 10% de minimus indirect cost rate for the year ended June 30, 2023.

Note 4 – Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2023.