Jewish Family Service

Financial Statements
May 31, 2021 and 2020

bakertilly

Independent Auditors' Report

To the Board of Directors of
Jewish Family Service
West Bloomfield, Michigan

We have audited the accompanying financial statements of Jewish Family Service (the Organization), which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2021 and 2020, 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.

Baker Tilly US, LLP

Southfield, Michigan
October 7, 2021

Jewish Family Service

Statements of Financial Position
May 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 3,657,089	$ 3,512,881
Marketable securities (UJF balanced pool)	5,990,263	5,700,497
Amounts receivable		
Accounts receivable, net	161,545	125,152
Pledges receivable, net	273,365	200,931
Grants receivable, net	1,308,495	1,151,088
Claims conference receivable	2,975,839	1,825,116
Prepaid expenses	311,191	273,149
Total current assets	14,677,787	12,788,814
Restricted Investments	1,256,764	1,006,238
Beneficial Interest in Endowment Funds	3,613,808	2,385,811
Beneficial Interest in Irrevocable Trust	165,000	92,000
Property and Equipment, Net	422,168	567,267
Long-term Pledges Receivable, Net	308,400	332,200
Total assets	$ 20,443,927	$ 17,172,330
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 832,519	$ 506,422
Accrued expenses	761,474	605,836
Deferred revenues	1,801,448	2,539,634
Refundable advances	-	1,359,455
Total current liabilities	3,395,441	5,011,347
Net Assets		
Net assets without donor restriction	6,034,800	3,905,063
Net assets with donor restriction	11,013,686	8,255,920
Total net assets	17,048,486	12,160,983
Total liabilities and net assets	$ 20,443,927	$ 17,172,330

See notes to financial statements

Jewish Family Service

Statements of Activities
Years Ended May 31, 2021 and 2020

	Without Donor Restriction	With Donor Restriction	2021 Total	Without Donor Restriction	With Donor Restriction	2020 Total
Public Support						
Grants	$ 1,586,400	$ 11,544,747	$ 13,131,147	$ 1,439,744	$ 6,389,926	$ 7,829,670
Contributions	485,632	1,895,644	2,381,276	378,917	1,702,101	2,081,018
In-kind contributions	128,889	-	128,889	155,248	-	155,248
Net assets released from restriction	11,709,471	(11,709,471)	-	7,627,935	(7,627,935)	-
Total public support	13,910,392	1,730,920	15,641,312	9,601,844	464,092	10,065,936
Revenue						
Program fees						
Outpatient mental health consulting, net of contractual allowance ($469,887 and $316,009 for 2021 and 2020, respectively)	495,076	-	495,076	397,984	-	397,984
Eldercare solutions of Michigan	120,099	-	120,099	111,663	-	111,663
Transportation	89,868	-	89,868	181,896	-	181,896
Other	80,721	-	80,721	56,041	-	56,041
Total program fees	785,764	-	785,764	747,584	-	747,584
Allocations	2,869,308	-	2,869,308	2,787,594	-	2,787,594
Net gain (loss) on investments	1,297,450	323,526	1,620,976	(42,427)	(6,403)	(48,830)
Gain on sale of property and equipment	5,000	-	5,000	34,853	-	34,853
Distributions from beneficial interest in endowment funds	41,988	-	41,988	240,498	-	240,498
Increase (decrease) in beneficial interest in endowment	-	701,685	701,685	-	(245,219)	(245,219)
Other	85,497	1,635	87,132	76,552	104,300	180,852
Total revenue	5,085,007	1,026,846	6,111,853	3,844,654	(147,322)	3,697,332
Total public support and revenue	18,995,399	2,757,766	21,753,165	13,446,498	316,770	13,763,268
Expenses						
Program Services						
Older adult services	9,995,316	-	9,995,316	7,527,848	-	7,527,848
Family life center services	2,461,618	-	2,461,618	2,241,244	-	2,241,244
Safety net services	1,753,148	-	1,753,148	1,659,140	-	1,659,140
Shared program support	465,163	-	465,163	501,365	-	501,365
Total Program Services	14,675,245	-	14,675,245	11,929,597	-	11,929,597
Support Services						
Management and general	1,162,641	-	1,162,641	923,550	-	923,550
Fundraising	1,027,776	-	1,027,776	805,585	-	805,585
Total support services	2,190,417	-	2,190,417	1,729,135	-	1,729,135
Total expenses	16,865,662	-	16,865,662	13,658,732	-	13,658,732
Change in net assets	2,129,737	2,757,766	4,887,503	(212,234)	316,770	104,536
Net Assets, Beginning	3,905,063	8,255,920	12,160,983	4,117,297	7,939,150	12,056,447
Net Assets, Ending	$ 6,034,800	$ 11,013,686	$ 17,048,486	$ 3,905,063	$ 8,255,920	$ 12,160,983

See notes to financial statements

Jewish Family Service

Statement of Functional Expenses
Year Ended May 31, 2021

	Older Adult Services	Family Life Center Services	Safety Net Services	Shared Program Support	Total Program	Management and General	Fundraising	Total Support	Total
Salaries and wages	$ 2,225,130	$ 1,673,069	$ 643,788	$ 282,452	$ 4,824,439	$ 714,579	$ 490,511	$ 1,205,090	$ 6,029,529
Employee benefits	771,163	462,829	202,673	109,225	1,545,890	100,868	74,106	174,974	1,720,864
Total salaries and related expenses	2,996,293	2,135,898	846,461	391,677	6,370,329	815,447	564,617	1,380,064	7,750,393
Financial assistance	90,285	-	752,997	-	843,282	-	202,752	202,752	1,046,034
Home care contracted services	5,976,694	-	9,958	-	5,986,652	-	-	-	5,986,652
Occupancy	338,639	176,100	79,602	39,547	633,888	142,962	23,503	166,465	800,353
Technology	130,285	17,081	7,461	3,974	158,801	142,686	14,349	157,035	315,836
Professional fees	150,261	42,969	16,209	8,735	218,174	10,028	32,044	42,072	260,246
Professional development	39,209	33,348	11,021	10,139	93,717	19,900	6,050	25,950	119,667
Community outreach	5,260	1,827	5,641	317	13,045	200	166,944	167,144	180,189
Travel and vehicle	124,822	1,156	10	16	126,004	-	-	-	126,004
Office supplies and expense	32,679	12,433	4,889	1,731	51,732	12,400	10,613	23,013	74,745
Depreciation	100,990	33,735	14,304	7,709	156,738	17,482	4,160	21,642	178,380
Miscellaneous	9,899	7,071	4,595	1,318	22,883	1,536	2,744	4,280	27,163
Total expenses	$ 9,995,316	$ 2,461,618	$ 1,753,148	$ 465,163	$ 14,675,245	$ 1,162,641	$ 1,027,776	$ 2,190,417	$ 16,865,662

See notes to financial statements

Jewish Family Service

Statement of Functional Expenses
Year Ended May 31, 2020

	Older Adult Services	Family Life Center Services	Safety Net Services	Shared Program Support	Total Program	Management and General	Fundraising	Total Support	Total
Salaries and wages	$ 2,260,037	$ 1,454,418	$ 513,930	$ 311,081	$ 4,539,466	$ 688,436	$ 516,617	$ 1,205,053	$ 5,744,519
Employee benefits	716,541	418,027	195,152	100,952	1,430,672	99,840	66,851	166,691	1,597,363
Total salaries and related expenses	2,976,578	1,872,445	709,082	412,033	5,970,138	788,276	583,468	1,371,744	7,341,882
Financial assistance	63,405	-	768,674	-	832,079	-	-	-	832,079
Home care contracted services	3,480,895	-	-	-	3,480,895	-	-	-	3,480,895
Occupancy	383,694	198,988	92,949	46,057	721,688	44,867	27,909	72,776	794,464
Technology	50,709	-	3,194	-	53,903	38,219	8,987	47,206	101,109
Professional fees	202,244	97,054	54,278	15,029	368,605	18,737	20,656	39,393	407,998
Professional development	39,164	18,713	6,968	10,682	75,527	10,241	15,181	25,422	100,949
Community outreach	22,101	7,343	1,120	3,920	34,484	593	106,259	106,852	141,336
Travel and vehicle	140,825	2,955	2,598	1,992	148,370	87	1,087	1,174	149,544
Office supplies and expense	50,737	15,589	6,988	3,577	76,891	4,298	37,125	41,423	118,314
Depreciation	113,908	24,210	10,966	5,671	154,755	15,215	3,039	18,254	173,009
Miscellaneous	3,588	3,947	2,323	2,404	12,262	3,017	1,874	4,891	17,153
Total expenses	$ 7,527,848	$ 2,241,244	$ 1,659,140	$ 501,365	$ 11,929,597	$ 923,550	$ 805,585	$ 1,729,135	$ 13,658,732

See notes to financial statements

Jewish Family Service

Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	2021	2020
Cash Flow from Operating Activities		
Change in net assets	$ 4,887,503	$ 104,536
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	178,380	173,009
Change in beneficial interest, net	(1,227,997)	15,219
Gain on sale of property and equipment	(5,000)	(34,853)
Net realized and unrealized gain (loss) on investments	(1,620,976)	57,662
Changes in assets and liabilities:		
Accounts receivable	(1,393,157)	(900,579)
Prepaid expenses	(38,042)	(92,132)
Accounts payable	326,097	173,670
Accrued liabilities	155,638	2,487
Deferred revenues	(738,186)	2,539,634
Refundable advances	(1,359,455)	1,359,455
Net cash flows from operating activities	(835,195)	3,398,108
Cash Flows from Investing Activities		
Purchase of property and equipment	(33,281)	(240,680)
Proceeds from sale of property and equipment	5,000	34,853
Purchase of investments	(3,917)	(1,508,641)
Net cash flows from investing activities	(32,198)	(1,714,468)
Net change in cash and cash equivalents	(867,393)	1,683,640
Cash and cash equivalents, Beginning	4,524,482	2,840,842
Cash and cash equivalents, Ending	$ 3,657,089	$ 4,524,482
Supplemental Cash Flow Disclosure		
Value of noncash rent expense for use of facilities	$ 166,353	$ 155,248
Cash and cash equivalents - End of Year Consists of:		
Cash and cash equivalents	$ 3,657,089	$ 3,512,881
Investments: money market	-	1,011,601
	$ 3,657,089	$ 4,524,482

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

Jewish Family Service (the Organization) is a not-for-profit corporation located in West Bloomfield, Michigan, dedicated to helping individuals and families cope, survive, and thrive in an ever-changing world. The Organization is focused on the needs of the Jewish community while providing services to all.

The Organization is made up of the following programs:

Older Adult Services - The Organization provides case management services, home care services, Meals on Wheels, transportation, translation, and volunteer services for seniors in the community in need.

Family Life Center Services - The Organization provides counseling, domestic violence intervention, substance abuse counseling, assistance in divorce situations, mentoring services, and outreach to schools for families in the community who are in need.

Safety Net Services - The Organization provides significant support and resources to move individuals and families from crisis to self sufficiency.

Shared Program Support - Shared services include the central intake and resource and information line as well as volunteer services, including the legal referral service and friendly visitor program which are open to and serve clients across all Organization programs.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. At times the Organization may maintain cash balances that exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

Amounts Receivable

The Organization's accounts receivable are comprised primarily of program service fees as well as grant and allocations committed from various funding agencies for use in the Organization's activities and are recorded at their net realizable value in the financial statements.

Pledges receivable are recorded in the year the contribution is made. Amounts that are expected to be collected after one year are discounted using a market rate of return and reflected in the financial statements at their net present value.

Grants receivable represents the outstanding balance of grants due to the Organization based upon allowable costs incurred. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. No allowance for doubtful accounts is considered necessary as of May 31, 2021 and 2020.

Pledges receivable estimated to be collected in future years, as of May 31, 2021 are summarized as follows:

	Pledges receivable	Discount	Pledges receivable, net
Short-term (less than 1 year)	$ 273,365	$ -	$ 273,365
Long-term (1-5 years)	325,000	(16,600)	308,400
Total	$ 598,365	$ (16,600)	$ 581,765

Pledges receivable estimated to be collected in future years, as of May 31, 2020 are summarized as follows:

	Pledges receivable	Discount	Pledges receivable, net
Short-term (less than 1 year)	$ 200,931	$ -	$ 200,931
Long-term (1-5 years)	350,000	(17,800)	332,200
Total	$ 550,931	$ (17,800)	$ 533,131

Beneficial Interest in Endowment Funds

The Organization is a designated beneficiary of trust funds held by the Jewish Federation of Metropolitan Detroit (JFMD) and the United Jewish Foundation of Metro Detroit (UJF). A portion of these funds is restricted as to use by donors and all funds are restricted through consent of JFMD and UJF. At May 31, 2021 and 2020, net assets with donor restrictions associated with the beneficial interests in endowment funds totaled $3,613,808 and $2,385,811, respectively.

Beneficial Interest in Irrevocable Trust

The Organization is a designated beneficiary of a trust fund held in an irrevocable remainder trust. This trust fund, created in 2018, is restricted as to time by the donor. At May 31, 2021 and 2020, net assets with donor restrictions associated with the beneficial interest in irrevocable trust totaled $165,000 and $92,000, respectively.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of $2,500 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in revenue.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives, ranging from 3 to 20 years.

Collections

In March 2019, Financial Accounting Standards Board (FASB) issued Accounting Standards Board (ASU) No. 2019-03*, Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. ASU No. 2019-03 modifies the definition of the term collections in accounting standards by aligning it with the definition used in the *American Alliance of Museums' Code of Ethics for Museums*. Collections are defined as works of art, historical treasures or similar assets that meet all of the following criteria: 1) held for public exhibition, education or research in furtherance of public service rather than financial gain, 2) protected, kept unencumbered, cared for and preserved, and 3) subject to an organizational policy that requires the use of proceeds from items that are sold to be for the acquisition of new collection items, the direct care of existing collections or both. ASU 2019-03 requires that a collection-holding entity disclose its policy for the use of proceeds when collection items are deaccessioned (that is removed from a collection). If a collection-holding entity has a policy that allows proceeds from a deaccessioned collection items to be used for direct care, it should disclose its definition of direct care.

The Organization has adopted a policy of not capitalizing collections in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received. Although the financial statements do not disclose the cumulative cost of collections, each of the items in the collection is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. In the event the Organization sells an individual piece from the collection, the proceeds received are used only for the acquisition of other items which meet the characteristics for collection under Organization policy. No items were purchased for or removed from the collection during May 31, 2021 and 2020, respectively.

Net Assets

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

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501 (c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. No unrelated business income tax expense has been recognized.

Accounting principles generally accepted in the United States of America require 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 the IRS or other applicable taxing authorities.

Revenue Recognition

The Organization records program fees at the anticipated amount of actual payment which would be received, based on a contract or a review of recent history. The performance obligation of the contracts is to perform the indicated services for the customers under the contract. Program fees are most often billed on a monthly basis. Revenues are recognized at a point in time as services are provided to the client, which are then billed by the Organization to the payor. The transaction prices are generally listed in the contracts or individual client agreements. Revenue streams were individually examined to determine a historical rate of realized revenue. The main revenue streams included in program fees are Outpatient Counseling (OPC), Transportation, and Eldercare Solutions of Michigan (Eldercare, a full fee geriatric care management service).

OPC revenue was $495,076 and $397,984 for the year ended May 31, 2021 and 2020, respectively. Through agreements with insurance carriers OPC was paid through clients' insurance coverages at contracted rates, so no adjustments to the billed rates were necessary. Medicare and Medicaid revenue of $329,496 is net of a reduction to 56% of the billing rate and commercial insurance revenue was $158,315 and is net of a reduction to 43% of the billing rate as of May 31, 2021. Medicare and Medicaid revenue of $272,020 is net of a reduction to 62% of the billing rate and commercial insurance revenue was $156,580 and is net of a reduction to 43% of the billing rate as of May 31, 2020. These are based on reimbursement rates actually paid by the insurers. The remaining amount of revenue in this revenue stream is immaterial and the total net revenue included an estimated uncollectible adjustment of $50,687 and $72,423 as of May 31, 2021 and 2020, respectively.

Transportation revenue was $170,073 and $181,896 for the years ended May 31, 2021 and 2020, respectively. Of this amount, $80,205 and $134,305 are included in grant revenue. Transportation provides door-through-door (escorted) rides to help primarily older adults access health care and other essential appointments. The revenue is received from clients (transportation revenue) and the Conference on Jewish Material Claims Against Germany (grant revenue). Fees paid by clients are set based on market rates and a number of factors specific to each individual clients. Payments from Claims Conference are based on a set rate.

Eldercare revenue was $120,099 and $111,663 for the year ended May 31, 2021 and 2020, respectively. For Eldercare there is a written fee agreement between the client and provider in order to provide full-fee geriatric care management program. The fees are determined by the market rate in the Oakland County area.

Revenue from Contributions and Grants

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise 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.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenues.

The Organization receives revenue for the various programs the Organization administers. Revenue is recognized at net realizable value when services are performed. At May 31, 2021 and 2020, the Organization had grants of $1,448 and $23,091, respectively, which were deemed non-exchange conditional and the conditions at May were not met.

In-Kind Contributions

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain expenses are allocated based on a wage allocation percentage calculated for the Organization by department. Employee expenses and technology, building and maintenance expenses, interest, and depreciation utilize the wage allocation percentage when determining the allocation of functional expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events through October 7, 2021, which is the date the financial statements were approved and available to be issued.

2. Property and Equipment, Net

The cost of property and equipment is summarized as follows:

	2021	2020
Equipment	$ 419,749	$ 419,749
Vehicles	469,744	465,649
Furniture and fixtures	407,854	462,594
Computers	581,747	550,026
Information system	408,421	408,421
Leasehold improvements	46,784	46,784
Assets in process	25,900	-
Total	2,360,199	2,353,223
Accumulated depreciation	(1,938,031)	(1,785,956)
Total property and equipment, net	$ 422,168	$ 567,267

Depreciation expense amounted to $178,380 and $173,009 for the years ended May 31, 2021 and 2020, respectively.

3. Community Foundation

Certain funds donated by outside donors for the benefit of the Organization are held and managed by the Community Foundation for Southeastern Michigan (the Foundation). The Foundation maintains variance power, which as a result, requires that the assets it holds not be recorded as assets of the Organization. The fair value of these funds is $4,858,307 and $3,837,167 at May 31, 2021 and 2020, respectively. Earnings are available for distribution to the Organization at the discretion of the Foundation and therefore are not reflected as grant revenue in the financial statements until notified by the Foundation. During the years ended May 31, 2021 and 2020, the Organization received $90,656 and $266,694, respectively.

4. Line of Credit

The Organization has a $1,000,000 unsecured line of credit with a financial institution. The line of credit and features a one-year term, a $1,500 annual fee and a rate of 30 day LIBOR plus 6.274%. The 30 day LIBOR rates for May 31, 2021 and 2020 was 0.09% and 0.18%, respectively. There were no borrowings against the line as of May 31, 2021 and 2020.

5. Paycheck Protection Plan

On April 8, 2020, the Organization received proceeds in the amount of $1,359,455 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived.

As of May 31, 2021, the Organization had expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, therefore, the Organization has recorded grant revenue of $1,359,455 within its statement of activities for the year-ended May 31, 2021.

On June 11, 2021, the Organization received notice from the SBA that it has forgiven $1,359,455 of the PPP proceeds

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

6. Operating Leases

The Organization leases office space for its branch office in Oak Park, Michigan, in accordance with a rental agreement that expires in March 2023, with a right to terminate no earlier than March 2021. Monthly rental payments range from $6,577 to $7,589 during the course of the lease term. In addition to the base rent, the organization also pays for a portion of the monthly cost associated with the common areas (CAM) such as restrooms, conference rooms, hallways, and other public areas. The current monthly expense for CAM is $620, effective April 1, 2021. A total of $17,739 was paid during the year and included an adjustment for 2019.

The Organization also leased office copy machines with rental agreements that expired in May 2021. Monthly rental payments ranged from $900 to $1,018.

The following is a schedule of future minimum lease payments on the office space through the termination date:

	Office Base Rent
2022	$ 88,535
2023	75,888
Total	$ 164,423

Total rent expense on these leases for the years ended May 31, 2021 and 2020, was approximately $107,000 and $92,000, respectively.

7. Related Party Transactions

Facilities

The Organization conducts its primary operations in a building owned by UJF. UJF does not charge the Organization rent. The Organization recorded a contribution and the related rent expense based on the fair value of the building of $166,353 and $155,248 for the years ended May 31, 2021 and 2020, respectively.

Building, maintenance, and grounds are contracted by UJF. Total expense recorded for the years ended May 31, 2021 and 2020 was $136,643 and $120,855, respectively.

Appropriation Allocation and Other Funding

The Organization is a constituent agency of JFMD. The Organization received $3,390,635 and $3,436,096 in contributions, which include allocations and other funding, from JFMD during the years ended May 31, 2021 and 2020, respectively, to help the Organization supplement operations. This represented 18% and 25% of total public support and revenue for the years ended May 31, 2021 and 2020, respectively.

Insurance

The Organization also participates in a group insurance policy with JFMD, UJF, and other agencies which covers workers' compensation and general liability insurance. The Organization incurred insurance expense of $59,360 and $58,929 during the years ended May 31, 2021 and 2020, respectively.

8. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on inputs other than quoted prices included in Level I that are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Organization's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of fair value hierarchy during the years ended May 31, 2021 and 2020.

The fair value of the restricted investments is based on quoted market prices available on an active market. The investments include domestic and international securities. They are all classified as Level 1 as these financial instruments are traded in an active market for which closing prices are readily available

The fair value of the beneficial interest in endowment funds was determined primarily based on Level 3 inputs. The balanced pool investments are part of a pooled investment portfolio at UJF. The balanced pool is a well-diversified fund consisting of multiple portfolios currently managed by twenty-two investment managers. The balanced pool strives to maintain a target allocation of Equities (65%), Fixed Income (25%), and Real Assets (10%). Equities can include strategies such as global equities, domestic equities, international equities, emerging markets equities, long/short equities, and private equities. Fixed Income can include strategies such as global fixed income, domestic fixed income, international fixed income, and emerging markets debt instruments. Securities can include, but are not limited to Treasuries, U.S. government agency securities, asset-backed securities, and other sovereign bonds, as well as corporate bonds, other non-agency securities, and derivatives on any of the aforementioned securities. Real Assets refer to investments or strategies composed of real property, buildings and developments, timber, or commodities (through public mutual funds, commingled funds, and private partnerships), all of which generally respond more directly to changes in inflation than other asset classes. The primary goal of an allocation to real assets is to hedge against unexpected inflation, to maintain the real purchasing power of future grants. The investment objective of the balanced pool is to maintain the purchasing power of the endowment principal and the distributions it provides.

The stock and bond portfolios, asset allocation activities and outside mutual funds are managed by external investment management organizations. An investment management consultant monitors the entire fund portfolio. All of these entities are overseen by the Investment Committee of UJF and JFMD. The Investment Committee is responsible for establishing investment strategy, engaging investment consultants and managers, reviewing investment performance and asset allocation, and affecting changes in the investment portfolio from time to time.

The Organization receives reports from UJF stating the fair value of the underlying assets of the fund; these reports are used to estimate the fair value of the assets in the pooled investment portfolio. The Organization estimates the fair value of the beneficial interest in endowment funds based on its relative share of assets held in trust and reported by UJF unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions.

The fair value of the beneficial interest in irrevocable trust was determined by the underlying investments in the trust which are based on quoted prices, as well as the present value of future payments to other beneficiaries, and a rate of return and discount rate of 6.0% the years ending May 31, 2021 and 2020.

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 of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of May 31, 2021 based upon the three-level hierarchy:

	Level 1	Level 2	Level 3	Total
Investments held by UJF: balanced pool	$ -	$ -	$ 5,990,263	$ 5,990,263
Restricted investments	1,256,764	-	-	1,256,764
Beneficial interest in endowment funds	-	-	3,613,808	3,613,808
Beneficial interest in irrevocable trust	-	-	165,000	165,000
Total	$ 1,256,764	$ -	$ 9,769,071	$ 11,025,835

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of May 31, 2020 based upon the three-level hierarchy:

	Level 1	Level 2	Level 3	Total
Investments held by UJF: balanced pool	$ -	$ -	$ 5,700,497	$ 5,700,497
Restricted investments	$ 1,006,238	$ -	$ -	$ 1,006,238
Beneficial interest in endowment funds	-	-	2,385,811	2,385,811
Beneficial interest in irrevocable trust	-	-	92,000	92,000
Total	$ 1,006,238	$ -	$ 8,178,308	$ 9,184,546

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended May 31, 2021 and 2020 are as follows:

	Beneficial interest in endowment funds	Investments held by UJF	Beneficial interest in irrevocable trust
Balance at May 31, 2020	$ 2,385,811	$ 4,688,896	$ 92,000
Purchases/Contributions	526,313	-	-
Income distributed	(41,988)	-	-
Net realized and unrealized gains	743,672	1,301,367	73,000
Balance at May 31, 2021	$ 3,613,808	$ 5,990,263	$ 165,000

	Beneficial interest in endowment funds	Investments held by UJF	Beneficial interest in irrevocable trust
Balance at May 31, 2019	$ 2,401,030	$ 4,240,155	$ 96,000
Purchases/Contributions	230,000	500,000	-
Income distributed	(240,498)	(51,259)	-
Net realized and unrealized (losses)	(4,721)	-	(4,000)
Balance at May 30, 2020	$ 2,385,811	$ 4,688,896	$ 92,000

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at May 31:

	2021	2020
Donated property	$ 34,670	$ 96,976
Beneficial interest in endowment funds	3,613,808	2,385,811
Contributions restricted for specific program use	4,815,284	4,382,271
Other purpose restricted	1,536,148	865,237
Time and purpose restricted	758,156	342,997
Time restricted	255,620	182,628
Total net assets with donor restrictions	$ 11,013,686	$ 8,255,920

10. Endowment Funds

Endowment funds consist of donor-restricted endowment funds contributed to the Organization and UJF to support various programs of the Organization.

The Organization follows accounting standards that provide a framework for classifying net assets with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of that framework is a requirement to classify the portion of donor-restricted endowment funds that are not the permanently restricted original gift as still restricted until appropriated for expenditure. Another key component is a requirement for expanded disclosures about all endowment funds.

The Organization and UJF's endowment consists of a number of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Organization classifies as permanently restricted (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is still classified as restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization and UJF consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policy of the Organization

Endowment net asset composition by type of fund as of May 31, 2021:

	Without Restriction	Donor Restricted	Total
Donor Restricted	$ -	$ 3,613,808	$ 3,613,808

Endowment net asset composition by type of fund as of May 30, 2020:

	Without Restriction	Donor Restricted	Total
Donor Restricted	$ -	$ 2,385,811	$ 2,385,811

Return Objectives and Risk Parameters - The Organization and UJF have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization's programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed 5% annually while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives - To satisfy their long-term rate-of-return objectives, the Organization and UJF rely 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 Organization and UJF target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization and UJF have a policy of generally appropriating for distribution each year of 5% of the endowment base. The endowment base is defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of each of the previous 12 quarters). In establishing this policy, the Organization and UJF considered the long-term expected return of their endowment. Accordingly, over the long term, the Organization and UJF expect the current spending policy to allow their endowment to grow at an average of approximately 1% annually. This is consistent with the Organization and UJF's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At May 31, 2021 there were no donor restricted funds with deficiencies reported in net assets, as the Organization stopped receiving appropriations for funds with deficiencies. At May 31, 2020, 11 donor restricted funds with original gift values of approximately $1,235,000, fair values of approximately $1,173,000 and deficiencies of approximately $61,500 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets. During the 2020 fiscal year, the Organization stopped receiving appropriations for these funds with deficiencies.

11. Defined Contribution Benefit Plan

The Organization participates with affiliated agencies in the Jewish Federation of Metropolitan Detroit 403(b) (the Plan). The Plan is an Internal Revenue Code 403(b) retirement plan for the benefit of eligible employees who meet certain age and service requirements. During 2021 and 2020, the Organization provided a discretionary employer contribution of up to 4% of 50% of an employee's contribution through December 31. During 2021 and 2020, the Organization provided a guaranteed employer contribution of 2%. The Organization made contributions of $168,946 and $164,965 to the Plan for the years ended May 31, 2021 and 2020, respectively.

12. Multi-employer Defined Benefit Pension Plan

The Organization participates in the Jewish Federation of Metropolitan Detroit Pension Plan (the Benefit Plan), which covers substantially all of the Organization's employees. The Benefit Plan is not required to file Form 5500 and does not have a separate Employer Identification Number.

The multi-employer plan poses different risks to the Organization than a single-employer plan in the following respects:

1) The Organization's contributions to the multi-employer plan may be used to provide benefits to all participating employees of the program, including those employed by other employers.

2) If a participating employer fails to make its required contributions, the unfunded obligations of the plan may be borne by the remaining participating employers.

3) If an employer chooses to stop participating in a multiemployer plan, the withdrawing company may be required to pay to the plan a final payment (the withdrawal liability).

Contributions to the Benefit Plan were $103,200 for the years ending May 31, 2021 and 2020. Based on information as of December 31, 2020 the year end of the Benefit Plan, the Organization's contributions to the Benefit Plan represented more than 5% of total contributions received by the Benefit Plan.

In addition, to the extent that the Benefit Plan is underfunded, and in the event that other organizations participating in the Benefit Plan have no assets available to pay their contributions, the Organization's future contributions to the Benefit Plan may increase to cover retirement benefits of employees of other organizations participating in the Benefit Plan. The following information is based on the financial statements of the Benefit Plan as of December 31, 2020.

Total plan assets	$ 19,491,217
Actuarial present value of accumulated plan benefits	$ 20,665,035
Total contributions received by the Plan	$ 1,103,579
Indicated level of funding	More than 90% funded

13. Claims Conference and Deferred Revenues

Claims Conference seeks a measure of justice for Jewish Holocaust victims all over the world through a variety of grants, education, research, compensation programs and the recovery of unclaimed Jewish property, primarily through negotiation with the German government. Since Claims Conference’s first agreement with West Germany in 1952, more than $70 billion has been paid to more than 800,000 Holocaust victims. The Organization serves approximately 500 Holocaust survivors in metropolitan Detroit through programs including Homecare, Indemnification and Transportation. Additionally, the Organization serves as Homecare administrator for Holocaust survivors in communities in 15 states across the Midwest United States.

The reporting and reimbursement process for Claims Conference is lengthy. The Organization receives annual grant awards and bills Claims Conference as services are provided. For a calendar quarter (e.g., January – March), the Organization compiles and reviews data before the Claims Conference billing submission deadline 60 days later (e.g., May 31 for the period January – March). Thereafter, Claims Conference may need up to eight weeks (e.g., July 31 for the period January – March) to approve reports and issue payments. Because Claims Conference requires agencies to maintain sizable receivables for up to seven months, it makes an interest free advance program available. The Organization is able to request advances, including on expenditures already made but not yet approved and on grant award amounts not yet spent. The deferred revenues liability of $1,801,448 and $2,539,634 that the Organization holds as of May 31, 2021 and 2020, respectively and consists almost exclusively of advances from Claims Conference.

14. Claims Conference Grants

Reimbursements from various claims conference grants are recorded as support in the period when the expenditures are made.

Conference on Jewish Material Claims Against Germany	Grant Number	Application Number	Total Contract	Billed as of May 31, 2021
Metropolitan Detroit In-Home Services Program	GG-22	21576	$ 3,385,356	$ 2,926,300
Metropolitan Detroit In-Home Services Program	GG-23	27062	3,520,485	827,863
Regional In-Home Services Program	GG-22	23112	2,509,466	2,392,462
Regional In-Home Services Program	GG-23	27554	2,509,466	907,660
Holocaust Survivor COVID-19 Urgent Response Fund	COVID1	25908	30,000	29,292
Holocaust Survivor Emergency Assistance Program (HSEAP)	LAND1	25136	5,000	5,000
LAND1 App # 28169	LAND1	28169	15,000	-
Holocaust Survivor Emergency Assistance Program (HSEAP)	SO56	28319	10,000	9,927

15. Liquidity and Funds Available

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses and fixed asset additions not financed with debt are as follows:

	2021	2020
Financial Assets:		
Cash and cash equivalents	$ 3,657,089	$ 3,512,881
Restricted investments	1,256,764	1,006,238
Accounts, pledges and grants receivable	1,743,405	1,477,171
Claims conference receivable	2,975,839	1,825,116
Investments held by UJF: balanced pool	5,990,263	5,700,497
Beneficial interest in endowment funds	3,613,808	2,385,811
Financial assets available within one year	19,237,168	15,907,714
Less: Net assets with donor restriction	(11,013,686)	(8,255,920)
Financial assets available for cash needs for general expenditures within one year	$ 8,223,482	$ 7,651,794

The Organization's practice is to structure its financial assets to be available as its general expenditures and other liabilities come due. Additionally, the Organization has access to a $1,000,000 line of credit to use as needed as of May 31, 2021.

16. New Accounting Pronouncement

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which delayed the effective date for certain entities. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the effect that Topic 842 (as amended) will have on its statements of activities, financial position and cash flows.