# Jewish Family Service

**Financial Report**

**May 31, 2025**

# Contents

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## Independent Auditor's Report

To the Board of Directors
Jewish Family Service

### *Opinion*

We have audited the financial statements of Jewish Family Service (the "Organization"), which comprise the statement of financial position as of May 31, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of May 31, 2025 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As described in Note 4 to the financial statements, the statement of financial position includes beneficial interests and investments without readily determinable fair values. These investments are valued at $11,248,168 as of May 31, 2025. Our opinion is not modified with respect to this matter.

### *Report on Prior Year Financial Statements and Restatement*

The financial statements of Jewish Family Service as of May 31, 2024 were audited by other auditors, who expressed an unmodified opinion on those statements on March 4, 2024 prior to the restatement described in Note 13.

As part of our audit of the 2025 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Organization other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

### *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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

To the Board of Directors
Jewish Family Service

***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

November 19, 2025

# Statement of Financial Position

**May 31, 2025 and 2024**

| | 2025 | 2024 (As Restated) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 685,160 | $ 1,587,254 |
| Restricted cash | 3,843,362 | 3,052,852 |
| Investments (Note 4) | 7,046,087 | 5,173,109 |
| Receivables - Net of allowances: | | |
| Trade accounts receivable | 287,651 | 223,843 |
| Pledges receivable | 429,161 | 51,999 |
| Grants receivable | 3,427,802 | 3,973,039 |
| Prepaid expenses and other current assets | 391,525 | 417,987 |
| Total current assets | 16,110,748 | 14,480,083 |
| **Other Assets** | | |
| Restricted investments (Note 4) | 946,265 | 1,089,787 |
| Beneficial interest in endowment funds (Note 4) | 5,005,627 | 4,757,143 |
| Beneficial interest in irrevocable trust (Note 4) | 198,000 | 165,485 |
| Right-of-use operating lease assets (Note 6) | 293,153 | 389,538 |
| Finance lease assets (Note 6) | 95,637 | 89,021 |
| **Property and Equipment** - Net (Note 7) | 282,440 | 260,815 |
| Total assets | **$ 22,931,870** | **$ 21,231,872** |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 1,944,399 | $ 1,900,955 |
| Deferred revenue (Note 10) | 1,805,158 | 2,000,222 |
| Accrued expenses | 341,541 | 611,025 |
| Note payable to related party (Note 12) | 73,655 | 70,070 |
| Operating lease liabilities (Note 6) | 102,024 | 94,798 |
| Finance lease liabilities (Note 6) | 32,519 | 24,922 |
| Total current liabilities | 4,299,296 | 4,701,992 |
| **Operating Lease Liabilities** - Net of current portion (Note 6) | 206,442 | 308,466 |
| **Finance Lease Liabilities** - Net of current portion (Note 6) | 66,489 | 66,592 |
| **Note Payable to Related Party** - Net of current portion (Note 12) | 318,981 | 392,636 |
| Total liabilities | 4,891,208 | 5,469,686 |
| **Net Assets** | | |
| Without donor restrictions | 3,707,051 | 2,353,834 |
| With donor restrictions (Note 9) | 14,333,611 | 13,408,352 |
| Total net assets | 18,040,662 | 15,762,186 |
| Total liabilities and net assets | **$ 22,931,870** | **$ 21,231,872** |

See notes to financial statements.

# Statement of Activities and Changes in Net Assets

## Years Ended May 31, 2025 and 2024

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Revenue, Gains, and Other Support** | | | | | | |
| Grants | $ - | $ 22,285,045 | $ 22,285,045 | $ - | $ 20,267,252 | $ 20,267,252 |
| Contributions | 2,174,108 | 997,266 | 3,171,374 | 802,793 | 1,273,160 | 2,075,953 |
| In-kind donations | 266,378 | - | 266,378 | 265,869 | 220 | 266,089 |
| Program fees: (Note 2) | | | | | | |
| Behavioral health - Net | 709,080 | - | 709,080 | 704,354 | - | 704,354 |
| Eldercare Solutions of Michigan | 112,141 | - | 112,141 | 120,764 | - | 120,764 |
| Transportation | 200,057 | - | 200,057 | 205,128 | - | 205,128 |
| Other | 56,561 | - | 56,561 | 30,631 | - | 30,631 |
| Total program fees | 1,077,839 | - | 1,077,839 | 1,060,877 | - | 1,060,877 |
| Allocations | - | 2,905,200 | 2,905,200 | 144,441 | 2,850,200 | 2,994,641 |
| Investment income | 431,127 | 420,374 | 851,501 | 884,207 | 28,519 | 912,726 |
| Gain on sale of property and equipment | 1,500 | - | 1,500 | 19,055 | - | 19,055 |
| Distribution of trust earnings | 27,755 | 211,900 | 239,655 | 20,487 | 115,922 | 136,409 |
| Increase in beneficial interest in endowment funds | - | 224,485 | 224,485 | - | 327,293 | 327,293 |
| Other | 508,293 | - | 508,293 | 19,666 | 296,498 | 316,164 |
| Net assets released from restrictions | 26,119,011 | (26,119,011) | - | 25,164,509 | (25,164,509) | - |
| Total revenue, gains, and other support | 30,606,011 | 925,259 | 31,531,270 | 28,381,904 | (5,445) | 28,376,459 |
| **Expenses** | | | | | | |
| Program services: | | | | | | |
| Older adult services | 20,864,438 | - | 20,864,438 | 18,663,512 | - | 18,663,512 |
| Mental health and wellness | 3,094,845 | - | 3,094,845 | 3,771,909 | - | 3,771,909 |
| Basic needs | 1,750,395 | - | 1,750,395 | 2,274,705 | - | 2,274,705 |
| Shared program support | 625,388 | - | 625,388 | 553,634 | - | 553,634 |
| Total program services | 26,335,066 | - | 26,335,066 | 25,263,760 | - | 25,263,760 |
| Support services: | | | | | | |
| Management and general | 2,427,842 | - | 2,427,842 | 3,118,221 | - | 3,118,221 |
| Fundraising | 489,886 | - | 489,886 | 792,619 | - | 792,619 |
| Total support services | 2,917,728 | - | 2,917,728 | 3,910,840 | - | 3,910,840 |
| Total expenses | 29,252,794 | - | 29,252,794 | 29,174,600 | - | 29,174,600 |
| **Increase (Decrease) in Net Assets** | 1,353,217 | 925,259 | 2,278,476 | (792,696) | (5,445) | (798,141) |
| **Net Assets** - Beginning of year | 2,353,834 | 13,408,352 | 15,762,186 | 3,146,530 | 13,413,797 | 16,560,327 |
| **Net Assets** - End of year | **$ 3,707,051** | **$ 14,333,611** | **$ 18,040,662** | **$ 2,353,834** | **$ 13,408,352** | **$ 15,762,186** |

See notes to financial statements.

# Statement of Functional Expenses

**Year Ended May 31, 2025**

| | Program Services | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Older Adult Services | Mental Health and Wellness | Basic Needs | Shared Program Support | Total Program | Management and General | Fundraising | Total Support | Total |
| Salaries and wages | $ 2,444,877 | $ 2,013,727 | $ 677,385 | $ 375,336 | $ 5,511,325 | $ 1,706,168 | $ 271,893 | $ 1,978,061 | $ 7,489,386 |
| Employee benefits | 630,524 | 461,427 | 175,125 | 97,967 | 1,365,043 | 441,768 | 71,077 | 512,845 | 1,877,888 |
| Total salaries and related expenses | 3,075,401 | 2,475,154 | 852,510 | 473,303 | 6,876,368 | 2,147,936 | 342,970 | 2,490,906 | 9,367,274 |
| Financial assistance | 92,211 | - | 737,232 | - | 829,443 | - | - | - | 829,443 |
| Home care contracted services | 16,329,476 | - | 1,605 | - | 16,331,081 | - | - | - | 16,331,081 |
| Occupancy | 385,974 | 232,011 | 80,807 | 61,407 | 760,199 | 93,910 | 29,314 | 123,224 | 883,423 |
| Professional fees | 504,672 | 289,187 | 51,724 | 59,194 | 904,777 | 110,365 | 21,020 | 131,385 | 1,036,162 |
| Professional development | 36,543 | 22,332 | 4,986 | 9,851 | 73,712 | 21,568 | 2,252 | 23,820 | 97,532 |
| Community outreach | 14,339 | 6,137 | 1,102 | 7,108 | 28,686 | 9,609 | 63,197 | 72,806 | 101,492 |
| Travel and vehicle | 176,901 | 6,687 | 3,327 | 761 | 187,676 | 144 | 4,743 | 4,887 | 192,563 |
| Office supplies and expense | 28,682 | 20,552 | 2,788 | 2,730 | 54,752 | 6,042 | 4,181 | 10,223 | 64,975 |
| Depreciation and amortization | 124,088 | 16,525 | 5,678 | 4,392 | 150,683 | 23,679 | 1,910 | 25,589 | 176,272 |
| Miscellaneous | 96,151 | 26,260 | 8,636 | 6,642 | 137,689 | 14,589 | 20,299 | 34,888 | 172,577 |
| **Total functional expenses** | **$ 20,864,438** | **$ 3,094,845** | **$ 1,750,395** | **$ 625,388** | **$ 26,335,066** | **$ 2,427,842** | **$ 489,886** | **$ 2,917,728** | **$ 29,252,794** |

See notes to financial statements.

# Statement of Functional Expenses

**Year Ended May 31, 2024**

| | Program Services | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Older Adult Services | Mental Health and Wellness | Basic Needs | Shared Program Support | Total Program | Management and General | Fundraising | Total Support | Total |
| Salaries and wages | $ 2,597,120 | $ 2,247,935 | $ 821,418 | $ 332,637 | $ 5,999,110 | $ 2,143,336 | $ 420,526 | $ 2,563,862 | $ 8,562,972 |
| Employee benefits | 644,603 | 492,386 | 208,767 | 85,451 | 1,431,207 | 615,219 | 108,045 | 723,264 | 2,154,471 |
| Total salaries and related expenses | 3,241,723 | 2,740,321 | 1,030,185 | 418,088 | 7,430,317 | 2,758,555 | 528,571 | 3,287,126 | 10,717,443 |
| Financial assistance | 23,779 | - | 1,024,639 | - | 1,048,418 | - | - | - | 1,048,418 |
| Home care contracted services | 13,995,421 | - | 75 | - | 13,995,496 | - | - | - | 13,995,496 |
| Occupancy | 468,971 | 304,088 | 109,541 | 53,870 | 936,470 | 84,604 | 43,741 | 128,345 | 1,064,815 |
| Professional fees | 519,082 | 536,778 | 73,311 | 46,031 | 1,175,202 | 117,594 | 33,076 | 150,670 | 1,325,872 |
| Professional development | 50,043 | 98,602 | 7,345 | 9,288 | 165,278 | 22,442 | 8,936 | 31,378 | 196,656 |
| Community outreach | 28,287 | 23,242 | 3,783 | 1,805 | 57,117 | 76,415 | 127,558 | 203,973 | 261,090 |
| Travel and vehicle | 153,680 | 3,644 | 4,856 | 1,598 | 163,778 | 602 | 36,945 | 37,547 | 201,325 |
| Office supplies and expense | 50,825 | 29,535 | 7,898 | 16,949 | 105,207 | 19,715 | 8,776 | 28,491 | 133,698 |
| Depreciation and amortization | 115,555 | 26,356 | 9,561 | 4,408 | 155,880 | 27,962 | 3,641 | 31,603 | 187,483 |
| Miscellaneous | 16,146 | 9,343 | 3,511 | 1,597 | 30,597 | 10,332 | 1,375 | 11,707 | 42,304 |
| Total functional expenses | **$ 18,663,512** | **$ 3,771,909** | **$ 2,274,705** | **$ 553,634** | **$ 25,263,760** | **$ 3,118,221** | **$ 792,619** | **$ 3,910,840** | **$ 29,174,600** |

See notes to financial statements.

# Statement of Cash Flows

**Years Ended May 31, 2025 and 2024**

| | 2025 | 2024 (as restated) |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Increase (decrease) in net assets | $ 2,278,476 | $ (798,141) |
| Adjustments to reconcile increase (decrease) in net assets to net cash, cash equivalents, and restricted cash from operating activities: | | |
| Depreciation and amortization | 176,272 | 187,483 |
| Gain on disposal of property and equipment | (1,500) | (19,055) |
| Change in fair value for the beneficial interest in endowment funds and irrevocable trust | (496,655) | (937,979) |
| Net realized and unrealized gain on investments | (641,701) | (848,820) |
| Lease costs | 5,338 | 35,607 |
| Changes in operating assets and liabilities that provided (used) cash, cash equivalents, and restricted cash: | | |
| Accounts receivable | 104,267 | 1,056,488 |
| Prepaid expenses and other current assets | 26,462 | 23,129 |
| Accounts payable | 43,444 | 198,498 |
| Accrued expenses | (269,484) | (224,784) |
| Deferred revenue | (195,064) | 707,075 |
| Net cash, cash equivalents, and restricted cash provided by (used in) operating activities | 1,029,855 | (620,499) |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (167,801) | (133,471) |
| Proceeds from disposition of property and equipment | 1,500 | 19,055 |
| Purchases of investments | (1,660,999) | (485,172) |
| Proceeds from sales of investments | 573,244 | 2,204,771 |
| Contribution to beneficial interest in endowment funds | (24,000) | - |
| Distribution from beneficial interest in endowment funds | 239,656 | 136,409 |
| Net cash, cash equivalents, and restricted cash (used in) provided by investing activities | (1,038,400) | 1,741,592 |
| **Cash Flows from Financing Activities** | | |
| Principal payments on financing leases | (32,969) | (23,997) |
| Payments on payable to related party | (70,070) | (66,660) |
| Net cash, cash equivalents, and restricted cash used in financing activities | (103,039) | (90,657) |
| **Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash** | (111,584) | 1,030,436 |
| **Cash, Cash Equivalents, and Restricted Cash** - Beginning of year | 4,640,106 | 3,609,670 |
| **Cash, Cash Equivalents, and Restricted Cash** - End of year | **$ 4,528,522** | **$ 4,640,106** |
| **Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash** | | |
| Cash and cash equivalents | $ 685,160 | $ 1,587,254 |
| Restricted cash | 3,843,362 | 3,052,852 |
| Total cash, cash equivalents, and restricted cash | **$ 4,528,522** | **$ 4,640,106** |
| **Supplemental Cash Flow Information** - Right-of-use asset obtained in exchange for new finance lease liabilities | $ 36,712 | $ - |

See notes to financial statements.

## Note 1 - Nature of Business

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 a range of services focused on aging in place, including benefit access, geriatric care management, emergency financial assistance, access to homecare and Kosher Meals on Wheels, assistive and social technology, door-through-door transportation, assistance to Holocaust Survivors, and health and wellness services.

*Mental Health and Wellness* - The Organization provides behavioral health and psychiatric services; delivers community-based social work services in schools, youth groups, and college organizations; coordinates community-wide efforts to address youth mental health, domestic abuse, and addiction; addresses suicide risk through training, prevention, and intervention efforts.

*Basic Needs* - The Organization provides family support services, which focus on helping community members gain self-sufficiency and meet basic needs; provide financial assistance for families in the form of food, housing, utilities, transportation, and medical needs; offer benefit access support to navigate government and community resources and successfully qualify for and maintain benefit programs; connect low-income uninsured members of the community to needed health care through navigation and referrals; and provide information and referral services.

*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.

## Note 2 - Significant Accounting Policies

***Cash and Cash Equivalents***

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. At times the Organization may maintain cash balances that exceed federally insured limits.

***Restricted Cash and Investments***

The Organization receives cash in advance from the Claims Conference, which is further described in Note 10. The restricted cash balance at year end represents funds that are advanced from the Claims Conference but not yet transferred to the Organization's operating bank account to be used to pay Claims Conference vendors. The restricted investments relate to funds received with donor imposed restrictions. Both the cash and investments are held within separate accounts and are, therefore, separately classified from cash and investments on the statement of financial position.

***Investments***

Investments are reported at fair value, with gains and losses, net of fees, included in the statement of activities and changes in net assets. The Organization considers money market funds held for investment purposes to be investments on the statement of financial position.

***Accounts Receivables***

The Organization's trade receivables are composed primarily of program fees from various funding agencies for use in the Organization's activities and are recorded at their net realizable value in the financial statements.

## Note 2 - Significant Accounting Policies (Continued)

The Organization recognizes an allowance for credit losses for trade receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset, which includes consideration of past events and historical loss experience, current events, and future events based on our expectation as of the statement of financial position date.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period, such as economic and regulatory conditions, amongst others, are considered. For the years ended May 31, 2025 and 2024, the allowance for credit losses totaled $326,638 and $224,000, respectively. During the years ended May 31, 2025 and 2024, credit loss expense of $138,189 and $211,750 was recorded. In 2025, the Organization wrote off $35,551 of the credit loss allowance. There were no write-offs during 2024.

Pledges receivable are recorded in the year the unconditional 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. 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, 2025 and 2024.

Grants receivable represent the outstanding balance of grants due to the Organization based upon allowable costs incurred and grant allocations unconditionally committed. 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 was recorded as of May 31, 2025 and 2024.

The pledges and grants receivable as of May 31, 2025 and 2024 are expected to be collected within one year.

***Beneficial Interest in Endowment Funds***

The Organization is a designated beneficiary of trust funds held by the Jewish Federation of Detroit (JFD) and the United Jewish Foundation (UJF). A portion of these funds is restricted as to use by donors, and all funds are restricted through consent of JFD and UJF. As of May 31, 2025 and 2024, net assets with donor restrictions associated with the beneficial interests in endowment funds totaled $5,005,627 and $4,757,143, 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. As of May 31, 2025 and 2024, net assets with donor restrictions associated with the beneficial interest in irrevocable trust totaled $198,000 and $165,485, respectively.

***Leases***

The Organization has an operating lease for office space and finance leases for a phone system and copier machines. The Organization recognizes rent expense for leases on a straight-line basis over the lease term.

## Note 2 - Significant Accounting Policies (Continued)

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

***Property and Equipment***

Property and equipment are recorded at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Costs of maintenance and repairs are charged to expense when incurred. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, ranging from 3 to 10 years.

***Classification of Net Assets***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets 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 the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

***Revenue Recognition***

The Organization records program fees at the anticipated amount of actual payment that 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. Revenue is 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 behavioral health; transportation; and eldercare, a full-fee geriatric care management service.

## Note 2 - Significant Accounting Policies (Continued)

Behavioral health revenue was $709,080 and $704,354 for the years ended 2025 and 2024, respectively. Through agreements with insurance carriers, revenue was paid through clients' insurance coverage at contracted rates. Medicare and Medicaid revenue of $483,457 is net of a reduction to 59 percent of the billing rate and commercial insurance revenue of $259,078 is net of a reduction to 58 percent of the billing rate for the year ended May 31, 2025, with additional implicit price concessions not included in amounts noted. Medicare and Medicaid revenue of $224,727 is net of a reduction to 36 percent of the billing rate and commercial insurance revenue of $523,903 is net of a reduction to 84 percent of the billing rate for the year ended May 31, 2024, with additional implicit price concessions not included in amounts noted. These are based on reimbursement rates actually paid by the insurers.

Transportation revenue was $200,057 and $205,128 for the years ended May 31, 2025 and 2024, respectively. Transportation provides door-through-door (escorted) rides to help primarily older adults access health care and other essential appointments. Fees paid by clients are set based on market rates and a number of factors specific to each individual client.

Eldercare revenue was $112,141 and $120,764 for the years ended 2025 and 2024, respectively. For Eldercare there is a written fee agreement between the client and provider in order to provide a full-fee geriatric care management program. The fees are determined by the market rate in the Oakland County area.

Accounts receivable from contracts with customers for the Organization were $287,651, $207,655, and $209,823 as of May 31, 2025; May 31, 2024; and June 1, 2023, respectively.

***Contribution and Grant Revenue***

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. The Organization records cash received in advance of meeting conditions as deferred revenue on the statement of financial position. As of May 31, 2025 and 2024, the Organization has $13,782,522 and $11,890,993 of conditional contributions outstanding that may be recognized upon incurrence of eligible expenditures.

***In-kind Donations***

Contributions of non-cash assets, supplies, and services are recorded at their fair value in the period received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

## Note 2 - Significant Accounting Policies (Continued)

***Collections***

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 that meet the characteristics for collection under organization policy. No items were purchased for or removed from the collection during the years ended May 31, 2025 and 2024.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Employee expenses and technology, building and maintenance expenses, interest, and depreciation utilize a wage allocation percentage calculated by department when determining the allocation of functional expenses. Costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. Management revised the allocation methodology of salaries and wages and employee benefits for the year ended May 31, 2024 in order to conform with 2025 presentation. As a result of the revision, $1,496,245 of salaries and wages and employee benefits have been reclassified from program expenses to management and general expenses.

***Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Use of Estimates***

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

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including November 19, 2025, which is the date the financial statements were available to be issued.

Effective September 2, 2025, JFS acquired a program called Opening the Doors (OTD) from the Jewish Community Center of Metropolitan Detroit (JCC). The JCC transferred to JFS substantially all of the OTD program and its assets, the latter of which consist of approximately $1.4 million in grant funds, $66,000 in cash, donor funds, and beneficial interests in endowment funds (the latter of which were held at UJF and will continue to be held at UJF). Since 1995, OTD has been working with schools to ensure students who have various learning, social, or emotional differences are included, supported, and set up for success. OTD provides inclusive academic services that enable 1,200 children of all abilities to succeed in Jewish classrooms. OTD has an annual budget of less than $1 million.

## Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of May 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

| | 2025 | 2024 (as restated) |
|---|---|---|
| Cash and cash equivalents | $ 685,160 | $ 1,587,254 |
| Restricted cash | 3,843,362 | 3,052,852 |
| Investments | 7,046,087 | 5,173,109 |
| Accounts, pledges, and grants receivable | 4,144,614 | 4,248,881 |
| Restricted investments | 946,265 | 1,089,787 |
| Beneficial interest in endowment funds | 5,005,627 | 4,757,143 |
| Beneficial interest in irrevocable trust | 198,000 | 165,485 |
| Financial assets - At year end | 21,869,115 | 20,074,511 |
| Less those unavailable for general expenditures within one year: | | |
| Beneficial interest in endowment funds | 5,005,627 | 4,757,143 |
| Time restricted irrevocable trust | 198,000 | 165,485 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 16,665,488 | $ 15,151,883 |

The Organization has committed lines of credit in the amount of $3,000,000 at May 31, 2025 and 2024, which it could draw upon if needed, as further described in Note 8.

## Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

## Note 4 - Fair Value Measurements (Continued)

The following tables present fair value information about the Organization's financial instruments at May 31, 2025 and 2024 and the valuation techniques used by the Organization to determine those fair values:

| | Assets Measured at Fair Value on a Recurring Basis at May 31, 2025 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at May 31, 2025 |
| **Assets** | | | | |
| Marketable securities held by UJF - Balanced pool | $ - | $ - | $ 6,044,541 | $ 6,044,541 |
| Money market fund | 1,001,546 | - | - | 1,001,546 |
| Total investments | 1,001,546 | - | 6,044,541 | 7,046,087 |
| Restricted investments - Equities | 946,265 | - | - | 946,265 |
| Beneficial interest in endowment funds | - | - | 5,005,627 | 5,005,627 |
| Beneficial interest in irrevocable trust | - | - | 198,000 | 198,000 |
| Total assets | $ 1,947,811 | $ - | $ 11,248,168 | $ 13,195,979 |

| | Assets Measured at Fair Value on a Recurring Basis at May 31, 2024 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at May 31, 2024 |
| **Assets** | | | | |
| Marketable securities held by UJF - Balanced pool | $ - | $ - | $ 5,173,109 | $ 5,173,109 |
| Restricted investments - Equities | 1,089,787 | - | - | 1,089,787 |
| Beneficial interest in endowment funds | - | - | 4,757,143 | 4,757,143 |
| Beneficial interest in irrevocable trust | - | - | 165,485 | 165,485 |
| Total assets | $ 1,089,787 | $ - | $ 10,095,737 | $ 11,185,524 |

For the years ended May 31, 2025 and 2024, the beneficial interest in the endowment funds had contributions and purchases of $24,000 and $444,277, respectively. Income distributed for the years ended May 31, 2025 and 2024 for the beneficial interest in the endowment was $239,656 and $136,409, respectively.

For the years ended May 31, 2025 and 2024, the investments held by UJF had contributions and purchases of $337,756 and $480,403, respectively.

## Note 4 - Fair Value Measurements (Continued)

The fair value of the beneficial interest in endowment funds and marketable securities held by UJF was determined primarily based on Level 3 inputs. Both portfolios are part of the balanced pool investments, which are part of a pooled investment portfolio at UJF. The balanced pool is a well-diversified fund consisting of multiple portfolios currently managed by over 30 investment managers. The investment committee of UJF and JFD is responsible for setting the overall investment strategy, selecting consultants and investment managers, reviewing performance and asset allocation, and making portfolio adjustments as needed. The investment committee strives to maintain a target allocation of 80 percent growth assets and 20 percent risk reduction assets. Growth assets are designed to drive long-term capital appreciation and include investments with higher return potential and moderate to elevated levels of risk. These assets include public equities, growth fixed income, private equity, private debt, private real assets, and liquid real assets. Risk reduction assets are intended to preserve capital and stabilize portfolio performance during periods of market volatility. Risk reduction assets include investments in defensive fixed income and defensive hedge funds, which have low sensitivity to traditional equity markets and interest rates.

The Organization receives valuation reports from UJF that provide the fair value of the underlying assets within the pooled investment funds. These valuations are used to estimate the fair value of the Organization’s interest in the pooled investment portfolio. The fair value of the beneficial interest in endowment funds is determined based on the Organization’s proportionate share of the assets held in trust, as reported by UJF, unless specific facts and circumstances indicate that the fair value differs from the present value of 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 percent as of May 31, 2025 and 2024.

## Note 5 - 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 market value of these funds is approximately $4,587,001 and $4,415,630 at May 31, 2025 and 2024, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Organization at the discretion of the Foundation and, therefore, are not reflected as revenue in the financial statements until received by the Organization. During the years ended May 31, 2025 and 2024, the Organization received $196,284 and $392,926, respectively.

## Note 6 - Leases

The Organization is obligated under an operating lease for its branch office in Oak Park, Michigan, expiring in March 2028. The right-of-use asset and related lease liability have been calculated using a discount rate of 3.6 percent. The lease requires the Organization to pay taxes, insurance, utilities, and maintenance costs.

The Organization leases a phone system and copier machines under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from $637 to $2,323 are due monthly through December 2029.

## Note 6 - Leases (Continued)

Expenses recognized under these leases for the years ended May 31, 2025 and 2024 consist of the following:

| | 2025 | 2024 |
|---|---|---|
| Lease cost: | | |
| Finance lease cost | $ 30,096 | $ 12,717 |
| Operating lease cost | 84,330 | 97,426 |
| Total lease cost | $ 114,426 | $ 110,143 |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from finance leases | $ 2,950 | $ 3,876 |
| Operating cash flows from operating leases | 107,771 | 109,358 |
| Financing cash flows from finance leases | 32,969 | 23,997 |
| Right-of-use assets obtained in exchange for new finance lease liabilities | 36,712 | - |
| Weighted-average remaining lease term (years) - Finance leases | 3.18 | 3.83 |
| Weighted-average discount rate - Finance leases | 3.7 % | 3.6 % |

The future minimum lease payments under operating and finance leases are as follows:

| Years Ending May 31 | Operating Leases | Finance Leases | Total |
|---|---|---|---|
| 2026 | $ 111,466 | $ 35,517 | $ 146,983 |
| 2027 | 115,161 | 35,517 | 150,678 |
| 2028 | 98,533 | 21,581 | 120,114 |
| 2029 | - | 7,645 | 7,645 |
| 2030 | - | 4,459 | 4,459 |
| Total | 325,160 | 104,719 | 429,879 |
| Less amount representing interest | 16,694 | 5,711 | 22,405 |
| Present value of net minimum lease payments | 308,466 | 99,008 | 407,474 |
| Less current obligations | 102,024 | 32,519 | 134,543 |
| Long-term obligations under leases | $ 206,442 | $ 66,489 | $ 272,931 |

## Note 7 - Property and Equipment

Property and equipment are summarized as follows:

| | 2025 | 2024 | Depreciable Life - Years |
|---|---|---|---|
| Equipment | $ 478,392 | $ 423,681 | 5 |
| Vehicles | 435,025 | 465,296 | 3 |
| Furniture and fixtures | 438,692 | 438,692 | 7 |
| Information system | 1,120,572 | 1,120,572 | 5-10 |
| Leasehold improvements | 54,792 | 50,792 | 10 |
| Total cost | 2,527,473 | 2,499,033 | |
| Accumulated depreciation | 2,245,033 | 2,238,218 | |
| Net property and equipment | $ 282,440 | $ 260,815 | |

Depreciation and amortization expense for 2025 and 2024 was $176,272 and $187,483, respectively.

## Note 8 - Line of Credit

For the year ended May 31, 2024, the Organization maintained a $1,000,000 secured line of credit with a financial institution, collateralized by the assets of the Organization. This line featured a one-year term that expired on February 28, 2025 but was terminated early. Beginning in December 2024, the Organization entered into a new line of credit agreement with a financial institution, providing available borrowings of $3,000,000. The line of credit is secured by the unrestricted assets of the Organization and matures on December 18, 2025. Interest is payable monthly for both years at rates of 5.107 percent and 5.538 percent plus the one-month Secured Overnight Financing Rate (SOFR) at May 31, 2025 and 2024, respectively. There were no borrowings against either line as of May 31, 2025 and 2024. The Organization is in the process of obtaining a new, unsecured line of credit with a different financial institution subsequent to year end.

## Note 9 - Net Assets

Net assets with donor restrictions as of May 31 are composed of the following:

| | 2025 | 2024 |
|---|---|---|
| Beneficial interest in endowment funds | $ 5,005,627 | $ 4,757,143 |
| Contributions restricted for specific program use | 3,997,944 | 3,903,746 |
| Time restricted | 3,274,778 | 2,836,969 |
| Time and purpose restricted | 1,857,262 | 1,745,009 |
| Time-restricted irrevocable trust | 198,000 | 165,485 |
| Total net assets with donor restrictions | $ 14,333,611 | $ 13,408,352 |

## Note 10 - Claims Conference and Deferred Revenue

The Claims Conference seeks a measure of justice for Jewish Holocaust victims around 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 the Claims Conference's first agreement with West Germany in 1952, more than $95 billion has been paid to more than 800,000 Holocaust victims. The Organization serves approximately 415 Holocaust survivors in metropolitan Detroit through programs, including home care, indemnification, and transportation. Additionally, the Organization serves as home care administrator for Holocaust survivors in communities in 15 states across the Midwest United States.

Revenue is recognized as funds received by the Claims Conference are spent on eligible costs under the contract. The Claims Conference approval of reports submitted by the Organization is not deemed to be a measurable barrier that would prevent the recognition of revenue. The Claims Conferences does perform periodic audits and could request the return of funds if the result of those audits indicate funds spent were not in accordance with the grant agreement.

The reporting and reimbursement process for the Claims Conference is lengthy. The Organization receives annual grant awards and bills the 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 from January - March). Thereafter, the Claims Conference may need up to eight weeks (e.g., July 31 for the period from January - March) to approve reports and issue payments. 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 revenue liability of $1,805,158 and $2,000,222 that the Organization holds as of 2025 and 2024, respectively, consists exclusively of advances from the Claims Conference.

## Note 11 - Retirement Plans

The Organization participates with affiliated agencies in the Jewish Federation of Detroit 403(b). The plan is an Internal Revenue Code 403(b) retirement plan for the benefit of all eligible employees who meet certain age and service requirements. The plan provides for the Organization to make a discretionary employer contribution up to 4 percent of compensation or 50 percent of an employee's contribution through December 31. During 2025 and 2024, the Organization provided a guaranteed employer contribution of 2 percent of compensation. Both the discretionary and guaranteed employer contribution were applied only to compensation earned prior to March 16, 2024 for the 2024 plan year. Contributions paid to the plan totaled $84,936 and $192,566 for the years ended May 31, 2025 and 2024, respectively.

## Note 12 - Related Party Transactions

The following is a description of transactions between the Organization and related parties:

***Note Payable***

On September 6, 2022, the Organization entered into an installment agreement with Jewish Federation of Detroit whereby the Organization will pay the unpaid portion of the liability pertaining to the termination of the Jewish Federation of Detroit Pension Plan that occurred on January 27, 2022. Accrued interest for the note began on March 1, 2023. The note payable bears interest at 5 percent annually and is due in monthly principal and interest installments through March 1, 2030. The indebtedness may be prepaid at any time, in whole or in part, without penalty. The note is recorded as a related party payable on the statement of financial position.

## Note 12 - Related Party Transactions (Continued)

Minimum future payments under the note payable for the year ended May 31, 2025 are as follows:

| Years Ended | Amount |
|---|---|
| 2026 | $ 73,655 |
| 2027 | 77,423 |
| 2028 | 81,385 |
| 2029 | 85,548 |
| 2030 | 74,625 |
| Total | $ 392,636 |

Interest expense for the above note payable was $21,543 and $19,167 for the years ended May 31, 2025 and 2024, respectively.

***Facilities***

The Organization conducts its operations in a building owned by United Jewish Federation. For the years ended May 31, 2025 and 2024, UJF forgave the rental payments totaling $246,696 for each year, and, therefore, the Organization has recorded an in-kind donation based on the fair market value of the rent provided by UJF.

Building, maintenance, and grounds services are contracted by UJF. Total expense recorded for these services was $165,555 and $196,611 for 2025 and 2024, respectively.

***Appropriation Allocation and Other Funding***

The Organization is a constituent agency of Jewish Federation of Detroit. The Organization received $3,147,203 and $3,102,023 in contributions, which include allocations and other funding, from JFD during the years ended May 31, 2025 and 2024, respectively, to help the Organization supplement operations. This represented 10 and 15 percent of total public support and revenue for the years ended May 31, 2025 and 2024, respectively. Allocations that have been unconditionally promised for future years have been included in grants receivable on the statements of financial position.

***Insurance***

The Organization also participates in a group insurance policy with JFD, UJF, and other agencies, which covers workers' compensation and general liability insurance. The Organization incurred insurance expense of $99,121 and $95,940 during the years ended May 31, 2025 and 2024, respectively.

## Note 13 - Prior Period Adjustment

The accompanying financial statements for 2024 have been restated to correct a non-GAAP accounting practice relating to the Organization recording both a receivable and deferred revenue for the Claims Conference grant awards that had been received and spent on eligible and intended services, but for which quarterly reporting had not yet been reviewed and approved by the Claims Conference. After review of the agreement, management concluded the review and approval of reporting was administrative in nature and not a measurable barrier. The effect of the restatement was to decrease current assets and current liabilities as of May 31, 2024 by $6,643,208. The adjustment did not impact net assets as of May 31, 2024 and had no effect on the change in net assets for the year.