Jewish Family Service

Financial Statements
May 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 29, 2020

Jewish Family Service

Statements of Financial Position
May 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 3,512,881	$ 828,452
Investments: money market	1,011,601	1,003,749
Marketable securities (UJF balanced pool)	4,688,896	4,240,155
Amounts receivable		
Accounts receivable, net	125,152	226,604
Pledges receivable, net	200,931	46,200
Grants receivable	1,151,088	1,400,220
Claims conference receivable	1,825,116	984,283
Prepaid expenses	273,149	181,017
Total current assets	12,788,814	8,910,680
Restricted Cash	-	1,008,641
Restricted Investments	1,006,238	-
Beneficial Interest in Endowment Funds	2,385,811	2,401,030
Beneficial Interest in Irrevocable Trust	92,000	96,000
Property and Equipment, Net	567,267	499,597
Long-term Pledges Receivable, Net	332,200	76,600
Total assets	$ 17,172,330	$ 12,992,548
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 506,422	$ 332,752
Accrued expenses	605,836	603,349
Deferred revenues	2,539,634	-
Refundable advances	1,359,455	-
Total current liabilities	5,011,347	936,101
Net Assets		
Net assets without donor restriction	3,905,063	4,117,297
Net assets with donor restriction	8,255,920	7,939,150
Total net assets	12,160,983	12,056,447
Total liabilities and net assets	$ 17,172,330	$ 12,992,548

See notes to financial statements

Jewish Family Service

Statements of Activities
Years Ended May 31, 2020 and 2019

	Without Donor Restriction	With Donor Restriction	2020 Total	Without Donor Restriction	With Donor Restriction	2019 Total
Public Support						
Grants	$ 1,305,439	$ 6,389,926	$ 7,695,365	$ 1,566,772	$ 4,738,142	$ 6,304,914
Contributions	378,917	1,702,101	2,081,018	429,340	1,776,096	2,205,436
In-kind contributions	155,248	-	155,248	155,248	-	155,248
Net assets released from restriction	7,627,935	(7,627,935)	-	6,105,192	(6,105,192)	-
Total public support	9,467,539	464,092	9,931,631	8,256,552	409,046	8,665,598
Revenue						
Program fees						
Outpatient mental health consulting, net of contractual allowance ($316,009 and $333,233 for 2020 and 2019, respectively)	397,984	-	397,984	499,023	-	499,023
Eldercare solutions of Michigan	111,663	-	111,663	151,308	-	151,308
Home care copayments, net	5,563	-	5,563	(5,579)	-	(5,579)
Transportation	316,201	-	316,201	406,260	-	406,260
Other	50,478	-	50,478	107,444	-	107,444
Total program fees	881,889	-	881,889	1,158,456	-	1,158,456
Allocations	2,787,594	-	2,787,594	2,769,041	-	2,769,041
Net gain (loss) on investments	(42,427)	(6,403)	(48,830)	29,926	(4,657)	25,269
Gain on sale of property and equipment	34,853	-	34,853	-	-	-
Distributions from beneficial interest in endowment funds	240,498	-	240,498	354,578	-	354,578
Increase (decrease) in beneficial interest in endowment	-	(245,219)	(245,219)	-	(320,240)	(320,240)
Other	76,552	104,300	180,852	156,146	-	156,146
Total revenue	3,978,959	(147,322)	3,831,637	4,468,147	(324,897)	4,143,250
Total public support and revenue	13,446,498	316,770	13,763,268	12,724,699	84,149	12,808,848
Expenses						
Program Services						
Older adult services	7,527,848	-	7,527,848	6,431,750	-	6,431,750
Family life center services	2,241,244	-	2,241,244	1,960,369	-	1,960,369
Safety net services	1,659,140	-	1,659,140	1,854,133	-	1,854,133
Shared program support	501,365	-	501,365	451,457	-	451,457
Total Program Services	11,929,597	-	11,929,597	10,697,709	-	10,697,709
Support Services						
Management and general	923,550	-	923,550	624,477	-	624,477
Fundraising	805,585	-	805,585	739,583	-	739,583
Total support services	1,729,135	-	1,729,135	1,364,060	-	1,364,060
Total expenses	13,658,732	-	13,658,732	12,061,769	-	12,061,769
Change in net assets	(212,234)	316,770	104,536	662,930	84,149	747,079
Net Assets, Beginning	4,117,297	7,939,150	12,056,447	3,454,367	7,855,001	11,309,368
Net Assets, Ending	$ 3,905,063	$ 8,255,920	$ 12,160,983	$ 4,117,297	$ 7,939,150	$ 12,056,447

See notes to financial statements

Jewish Family Service

Statements 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	3,544,300	-	768,674	-	4,312,974	-	-	-	4,312,974
Occupancy	280,031	169,219	75,882	39,483	564,615	40,262	22,685	62,947	627,562
Professional fees	240,467	97,054	54,278	15,029	406,828	41,353	29,643	70,996	477,824
Advertising and printing	20,691	4,237	1,098	986	27,012	584	98,308	98,892	125,904
Local travel/vehicle	140,825	2,955	2,598	1,992	148,370	87	1,087	1,174	149,544
Telephone	103,663	29,769	17,067	6,574	157,073	4,605	5,224	9,829	166,902
Depreciation	113,908	24,210	10,966	5,671	154,755	15,216	3,038	18,254	173,009
Conferences and conventions	28,208	14,493	4,899	5,807	53,407	6,942	12,868	19,810	73,217
Supplies	58,065	12,262	8,117	2,783	81,227	18,347	31,977	50,324	131,551
Postage and shipping	5,157	3,326	2,065	793	11,341	1,554	5,148	6,702	18,043
Licenses and professional memberships	9,397	3,799	1,885	1,208	16,289	1,084	1,082	2,166	18,455
Subscriptions and reference materials	1,559	420	184	3,667	5,830	2,215	1,231	3,446	9,276
Community events	1,410	3,106	22	2,934	7,472	9	7,951	7,960	15,432
Miscellaneous	3,589	3,949	2,323	2,405	12,266	3,016	1,875	4,891	17,157
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 Functional Expenses
Year Ended May 31, 2019

	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	$ 2,460,753	$ 1,296,660	$ 472,885	$ 265,657	$ 4,495,955	$ 431,484	$ 412,018	$ 843,502	$ 5,339,457
Employee benefits	652,987	330,366	210,668	89,422	1,283,443	78,614	46,188	124,802	1,408,245
Total salaries and related expenses	3,113,740	1,627,026	683,553	355,079	5,779,398	510,098	458,206	968,304	6,747,702
Financial assistance	2,287,389	-	959,025	-	3,246,414	-	-	-	3,246,414
Occupancy	302,471	139,211	88,772	37,681	568,135	33,631	19,461	53,092	621,227
Professional fees	230,298	62,418	62,792	20,406	375,914	39,748	46,281	86,029	461,943
Advertising and printing	20,823	7,491	3,225	2,254	33,793	1,008	115,096	116,104	149,897
Local travel/vehicle	140,272	3,905	6,893	1,652	152,722	25	1,619	1,644	154,366
Telephone	92,148	27,177	21,021	6,953	147,299	4,884	4,427	9,311	156,610
Depreciation	118,220	15,920	10,152	4,309	148,601	13,242	2,225	15,467	164,068
Conferences and conventions	31,193	6,896	4,146	3,053	45,288	5,962	9,618	15,580	60,868
Supplies	40,192	11,023	6,543	3,751	61,509	8,708	30,793	39,501	101,010
Bad debt expense	22,025	43,339	-	-	65,364	(3,989)	-	(3,989)	61,375
Postage and shipping	3,974	2,773	1,228	529	8,504	484	7,038	7,522	16,026
Licenses and professional memberships	12,151	3,961	2,791	1,434	20,337	942	553	1,495	21,832
Subscriptions and reference materials	2,820	976	834	3,696	8,326	236	1,070	1,306	9,632
Community events	5,660	4,000	456	9,513	19,629	59	42,023	42,082	61,711
Miscellaneous	8,374	4,253	2,702	1,147	16,476	9,439	1,173	10,612	27,088
Total expenses	$ 6,431,750	$ 1,960,369	$ 1,854,133	$ 451,457	$ 10,697,709	$ 624,477	$ 739,583	$ 1,364,060	$ 12,061,769

See notes to financial statements

Jewish Family Service

Statements of Cash Flows
Years Ended May 31, 2020 and 2019

	2020	2019
Cash Flow from Operating Activities		
Change in net assets	$ 104,536	$ 747,079
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	173,009	164,068
Bad debt expense	-	61,375
Change in beneficial interest, net	15,219	320,240
Gain on sale of property and equipment	(34,853)	-
Net realized and unrealized gain on investments	57,662	(379,847)
Changes in assets and liabilities:		
Accounts receivable	(900,579)	972,200
Prepaid expenses	(92,132)	(20,570)
Accounts payable	173,670	(83,430)
Accrued liabilities	2,487	(80,889)
Deferred revenues	2,539,634	-
Refundable advances	1,359,455	-
Net cash flows from operating activities	3,398,108	1,700,226
Cash Flows from Investing Activities		
Purchase of property and equipment	(240,680)	(179,105)
Proceeds from sale of property and equipment	34,853	-
Purchase of investments	(1,508,641)	(1,540,024)
Net cash flows from investing activities	(1,714,468)	(1,719,129)
Net change in cash, cash equivalents and restricted cash	1,683,640	(18,903)
Cash, cash equivalents and restricted cash, Beginning	2,840,842	2,859,745
Cash, cash equivalents and restricted cash, Ending	$ 4,524,482	$ 2,840,842
Supplemental Cash Flow Disclosure		
Value of noncash rent expense for use of facilities	$ 155,248	$ 155,248
Cash, cash equivalents and restricted cash - End of Year Consists of:		
Cash and cash equivalents	$ 3,512,881	$ 828,452
Investments: money market	1,011,601	1,003,749
Restricted cash	-	1,008,641
	$ 4,524,482	$ 2,840,842

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 and 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.

Restricted Cash

The Organization received cash with donor-imposed restrictions which was held by the Organization and is part of net assets with donor restrictions, and as such, was separately classified from cash that was unrestricted and available for current use.

Accounts 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.

Contributions 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.

Contributions 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

Contributions receivable estimated to be collected in future years, as of May 31, 2019 are summarized as follows:

	Pledges receivable	Discount	Pledges receivable, net
Short-term (less than 1 year)	$ 46,200	$ -	$ 46,200
Long-term (1-5 years)	80,000	(3,400)	76,600
Total	$ 126,200	$ (3,400)	$ 122,800

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, 2020 and 2019, net assets with donor restrictions associated with the beneficial interests in endowment funds totaled $2,385,811 and $2,401,030, 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, 2020 and 2019, net assets with donor restrictions associated with the beneficial interest in irrevocable trust totaled $92,000 and $96,000, 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, FASB issued 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, 2020 and 2019, 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

In 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all related amendments using the modified retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised services to clients in an amount that reflects the payment which the Organization expects to receive in exchange for providing those services. Additionally, ASU No. 2014-09 requires enhanced disclosure of revenue arrangements.

The Organization applied the modified retrospective approach to all contracts and services when adopting ASU No. 2014-09 and did not record a cumulative adjustment as the timing and measurement of revenue for the Organization's clients is similar to its prior revenue recognition model. As a result of the adoption, what was previously classified as the provision for bad debts in the statements of functional expenses is now reflected as implicit price concessions, as defined in Topic 606, and therefore is included as a reduction of net revenues for program fees. For changes in transaction price resulting from actual realized payments, the Organization will prospectively recognize those differences as adjustments to program fees on the statements of activities. For periods prior to May 31, 2019, the provision for bad debts has been presented consistent with the previous revenue recognition standards that required separate presentation of these amounts on the statements of functional expenses.

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 $397,984 for the year ended May, 31 2020. 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 $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 uncollectable adjustment of $72,420 and $0 as of May 31, 2020 and 2019, respectively.

Transportation revenue was $316,201 for 27,300 rides provided for the years ended May 31, 2020. Transportation provides door-through-door (escorted) rides to help older adults access health care and other essential appointments. The revenue is received from clients and the Conference on Jewish Material Claims Against Germany (the Claims Conference). 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 $111,663 for the year ended May 31, 2020. 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

In 2020, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using the modified prospective transition method. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adopting ASU No. 2018-08 did not have a significant impact on the financial statements. However, the Organization had one grant in which we deemed non-exchange conditional and the conditions at May 31, 2020 were not met. The remaining amount to be recognized next year is $24,091.

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.

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.

Reclassification

For comparability, certain 2019 amounts have been reclassified to conform with classifications adopted in 2020. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

The Organization has evaluated events through October 29, 2020, 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:

	2020	2019
Equipment	$ 419,749	$ 419,750
Vehicles	465,649	523,969
Furniture and fixtures	407,854	407,854
Computers	550,026	418,373
Information system	408,421	408,421
Artwork	54,740	54,740
Leasehold improvements	46,784	46,784
Total	2,353,223	2,279,891
Accumulated depreciation	(1,785,956)	(1,780,294)
Total property and equipment, net	$ 567,267	$ 499,597

Depreciation expense amounted to $173,009 and $164,068 for the years ended May 31, 2020 and 2019, 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 $3,837,167 and $3,998,956 at May 31, 2020 and 2019, 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, 2020 and 2019, the Organization received $266,694 and $173,910, respectively.

4. Line of Credit

The Organization began the year with a $500,000 unsecured line of credit with a financial institution. The line of credit was increased to $1,000,000 on May 19, 2020 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, 2020 and 2019 was 0.18% and 2.43%, respectively. There were no borrowings against the line as of May 31, 2020 and 2019.

5. Refundable Advances

The Organization participated in and received funds under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 in the amount of $1,359,455. The PPP is designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program will forgive loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1% and is due to be paid back within two years. The first payment can be deferred until ten months after the end of the eight or twenty-four week covered period. The Organization has elected a covered period of twenty-four weeks, ending October 26, 2020.

The Organization determined this was a conditional contribution and recognized it as a refundable advance as the balance will be required to be paid back only if it is determined that the conditions have not been met. The Organization expects to meet the conditions and have the amount be fully forgiven. If any amounts are not forgiven, the remaining amounts convert into a note and the note is due April 3, 2022 with an annual interest rate of 1% and monthly principal and interest payments. The Organization is prepared to apply for loan forgiveness when the final information becomes available from the federal government and lending agency. At the time of forgiveness these funds will be recognized as a contribution.

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 $377.

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

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

	Office Base Rent	Copiers
2021	$ 70,828	$ 10,798
2022	88,535	-
2023	75,888	-
Total	$ 235,251	$ 10,798

Total rent expense on these leases for the years ended May 31, 2020 and 2019, was approximately $91,749 and $89,800, 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 $155,248 for the years ended May 31, 2020 and 2019.

Building, maintenance, and grounds are contracted by UJF. Total expense recorded for the years ended May 31, 2020 and 2019 was $120,855 and $150,806, respectively.

Appropriation Allocation and Other Funding

The Organization is a constituent agency of JFMD. The Organization received $3,436,096 and $3,260,962 in contributions, which include allocations and other funding, from JFMD during the years ended May 31, 2020 and 2019, respectively, to help the Organization supplement operations. This represented 25% of total public support and revenue for the years ended May 31, 2020 and 2019.

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 $26,279 and $23,535 during the years ended May 31, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 based upon the three-level hierarchy:

	Level 1	Level 2	Level 3	Total
Investments held by UJF: balanced pool	$ -	$ -	$ 4,688,896	$ 4,688,896
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	$ -	$ 7,166,707	$ 8,172,945

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of May 31, 2019 based upon the three-level hierarchy:

	Level 1	Level 2	Level 3	Total
Investments held by UJF: balanced pool	$ -	$ -	$4,240,155	$4,240,155
Beneficial interest in endowment funds	-	-	2,401,030	2,401,030
Beneficial interest in irrevocable trust	-	-	96,000	96,000
Total	$ -	$ -	$6,737,185	$6,737,185

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended May 31, 2020 and 2019 are as follows:

	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 gains (losses)	(4,721)	-	(4,000)
Balance at May 31, 2020	$ 2,385,811	$ 4,688,896	$ 92,000

	Beneficial interest in endowment funds	Investments held by UJF	Beneficial interest in irrevocable trust
Balance at May 31, 2018	$ 2,721,270	$ 2,335,897	$ 80,388
Purchases/Contributions	20,000	2,648,972	15,612
Income distributed	(357,291)	-	-
Net realized and unrealized gains (losses)	17,051	(744,714)	-
Balance at May 31, 2019	$ 2,401,030	$ 4,240,155	$ 96,000

9. Net Assets with Donor Restrictions

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

	2020	2019
Donated property	$ 96,976	$ 108,321
Beneficial interest in endowment funds	2,385,811	2,401,030
Contributions restricted for specific program use	4,382,271	3,817,334
Other purpose restricted	865,237	1,182,121
Time and purpose restricted	342,997	193,490
Time restricted	182,628	236,854
Total net assets with donor restrictions	$ 8,255,920	$ 7,939,150

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, 2020:

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

Endowment net asset composition by type of fund as of May 31, 2019:

	Without Restriction	Donor Restricted	Total
Donor Restricted	$ -	$ 2,401,030	$ 2,401,030

Changes in endowment net assets for the year ended May 31, 2020:

	Without Restriction	Donor Restricted	Total
Balance at May 31, 2019	$ -	$ 2,401,030	$ 2,401,030
Net appreciation	-	13,287	13,287
Management fee	-	(18,008)	(18,008)
Contributions	-	230,000	230,000
Released to operations	-	(240,498)	(240,498)
Balance at May 31, 2020	$ -	$ 2,385,811	$ 2,385,811

Changes in endowment net assets for the year ended May 31, 2019:

	Without Restriction	Donor Restricted	Total
Balance at May 31, 2018	$ -	$ 2,935,117	$ 2,935,117
Net appreciation	-	35,462	35,462
Management fee	-	(18,411)	(18,411)
Contributions	-	20,000	20,000
Released to operations	-	(571,138)	(571,138)
Balance at June 01, 2019	$ -	$ 2,401,030	$ 2,401,030

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, 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. At May 31, 2019, 8 donor restricted funds with original gift values of approximately $953,900, fair values of approximately $903,000 and deficiencies of approximately $50,900 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 2020 and 2019, the Organization provided a discretionary employer contribution of up to 4% of 50% of an employee's contribution through December 31. During 2020, the Organization provided a guaranteed employer contribution of 2%. The Organization made contributions of $164,965 and $66,130 to the Plan for the years ended May 31, 2020 and 2019, 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 and $97,700 for the years ending May 31, 2020 and 2019, respectively. Based on information as of December 31, 2019 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, 2019.

Total plan assets	$ 20,537,700
Actuarial present value of accumulated plan benefits	$ 22,268,401
Total contributions received by the Plan	$ 653,850
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 $2,539,634 that the Organization holds as of May 31, 2020 consists almost exclusively of advances from Claims Conference. There was no advance as of May 31, 2019.

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, 2020
Claims Conference In-Home Services Program	GG-21	20125	$ 3,091,376	$ 2,865,770
Claims Conference In-Home Services Program	GG-22	21576	3,385,356	2,518,844
Claims Conference In-Home Services Program	GG-21	20882	796,655	195,422
Claims Conference In-Home Services Program	GG-22	23112	2,509,466	676,815
Claims Conference COVID-19 Urgent Response Fund	COVID1	20125	30,000	-
Claims Conference Emergency Assistance Program	LAND1	18002	5,000	-
Claims Conference Emergency Assistance Program	SO56	17949	10,000	-

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:

	2020	2019
Financial Assets:		
Cash and cash equivalents	$ 3,512,881	$ 828,452
Restricted cash	-	1,008,641
Restricted investments	1,006,238	-
Investments: money market	1,011,601	1,003,749
Accounts, pledges and grants receivable	1,477,171	1,673,022
Claims conference receivable	1,825,116	984,283
Investments held by UJF: balanced pool	4,688,896	4,240,155
Beneficial interest in endowment funds	2,385,811	2,401,030
Financial assets available within one year	15,907,714	12,139,332
Less: Net assets with donor restriction	(8,255,920)	(7,939,150)
Financial assets available for cash needs for general expenditures within one year	$ 7,651,794	$ 4,200,182

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, 2020.

16. Adopted Accounting Pronouncement

In 2020, the Organization adopted the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. Adopting ASU No. 2016-18 did not cause a reclassification or restatement of net asset balance or change in net assets.

17. 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.