Jewish Family Service of Greater Harrisburg, Inc.

Financial Statements

August 31, 2020 and 2019

rkl LLP
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August 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Jewish Family Service of Greater Harrisburg, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of Greater Harrisburg, Inc., which comprise the statement of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's 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 auditor's 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 reasonable basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Jewish Family Service of Greater Harrisburg, Inc. as of August 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RKL LLP

February 26, 2021
Mechanicsburg, Pennsylvania

	August 31, 2020		August 31, 2019	
Assets				
Current Assets				
Cash and cash equivalents	**$**	**419,597**	$	83,139
Restricted cash		**73,710**		44,834
Accounts receivable, net		**95,573**		106,300
Pledge receivable		**5,838**		9,138
Prepaid expenses		**6,276**		5,637
Total Current Assets		**600,994**		249,048
Beneficial Interest in Net Assets of a Community Foundation		**165,869**		156,716
Property and Equipment, Net		**22,223**		15,542
Total Assets	**$**	**789,086**	$	421,306
Liabilities and Net Assets				
Current Liabilities				
Line of credit	**$**	**120,000**	$	120,000
Accounts payable		**41,109**		34,177
Accrued payroll taxes and other expenses		**13,698**		3,071
Total Current Liabilities		**174,807**		157,248
Non-Current Liabilities				
Long-term debt		**197,040**		-
Net Assets				
Without donor restrictions		**171,802**		54,350
With donor restrictions		**245,437**		209,708
Total Net Assets		**417,239**		264,058
Total Liabilities and Net Assets	**$**	**789,086**	$	421,306

	Years Ended August 31, 2020	2019
Net Assets without Donor Restrictions		
Revenue, gains, and other support		
Program service fees	**$ 1,156,949**	$ 1,140,693
Support		
Contributions	**252,119**	199,224
United Way of the Capital Region	**6,964**	11,167
Jewish Federation of Greater Harrisburg	**41,250**	45,000
Other grants	**1,000**	9,270
	301,333	264,661
Interest income	**12**	5
Miscellaneous income	**2,785**	1,764
Net assets released from restrictions	**8,775**	36,765
	11,572	38,534
Total revenue, gains, and other support	**1,469,854**	1,443,888
Functional expenses		
Program services	**1,068,334**	1,142,136
Supporting services		
Management and general	**193,957**	180,359
Fund-raising	**90,111**	74,788
Total functional expenses	**1,352,402**	1,397,283
Increase in Net Assets without Donor Restrictions	**117,452**	46,605
Net Assets with Donor Restrictions		
Support - United Way of the Capital Region	**5,858**	8,158
Contributions	**29,493**	59,210
Change in beneficial interest in net assets of a community foundation	**9,153**	(14,260)
Net assets released from restrictions	**(8,775)**	(36,765)
Increase in Net Assets with Donor Restrictions	**35,729**	16,343
Increase in Net Assets	**153,181**	62,948
Net Assets at Beginning of Year	**264,058**	201,110
Net Assets at End of Year	**$ 417,239**	$ 264,058

See accompanying notes.

Jewish Family Service of Greater Harrisburg, Inc.

Statement of Functional Expenses

Year Ended August 31, 2020 with Comparative Totals for 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-Raising	Total 2020	Total 2019
Functional Expenses					
Compensation	$ 658,992	$ 111,855	$ 36,883	$ 807,730	$ 849,343
Payroll taxes	57,260	11,400	3,281	71,941	70,874
Employee benefits	67,118	23,152	2,070	92,340	84,932
Total Compensation and Benefits	783,370	146,407	42,234	972,011	1,005,149
Advertising and promotion	6,174	195	77	6,446	5,762
Bad debts	-	-	-	-	26,000
Conferences and seminars	7,614	-	-	7,614	6,880
Depreciation	3,489	549	218	4,256	5,420
Dues and subscriptions	10,580	795	3,601	14,976	17,245
Equipment repairs and maintenance	32,430	4,715	1,873	39,018	31,438
Interest	4,967	784	311	6,062	7,751
Insurance	9,420	1,484	590	11,494	13,657
Meals	36,147	-	-	36,147	35,402
Meetings and banquets	354	944	176	1,474	3,484
Office supplies	9,611	1,466	583	11,660	14,873
Program expenses	99,414	1,145	38,217	138,776	115,560
Postage	1,755	276	651	2,682	2,837
Professional services	25,197	31,024	-	56,221	45,000
Rent	17,418	2,742	1,090	21,250	25,500
Telephone	2,123	56	23	2,202	2,110
Travel	11,681	337	54	12,072	24,949
Utilities	6,590	1,038	413	8,041	8,266
Total Other Expenses	284,964	47,550	47,877	380,391	392,134
Total Functional Expenses	$ 1,068,334	$ 193,957	$ 90,111	$ 1,352,402	$ 1,397,283

See accompanying notes.

Jewish Family Service of Greater Harrisburg, Inc.

Statement of Functional Expenses (continued)

Year Ended August 31, 2020 with Comparative Totals for 2019

	Program Services						Total	
	Adoption	Counseling	Group Home	Family Based Mental Health	Jewish Family Assistance	Kosher Meals on Wheels	2020	2019
Functional Expenses								
Compensation	$ 245,831	$ 204,731	$ 2,369	$ 173,559	$ 14,058	$ 18,444	$ 658,992	$ 688,032
Payroll taxes	20,265	17,021	201	16,666	1,284	1,823	57,260	55,729
Employee benefits	29,142	23,876	551	10,468	1,547	1,534	67,118	69,372
Total Compensation and Benefits	295,238	245,628	3,121	200,693	16,889	21,801	783,370	813,133
Advertising and promotion	3,948	994	-	1,173	20	39	6,174	5,762
Bad debts	-	-	-	-	-	-	-	26,000
Conferences and seminars	1,372	39	-	6,103	100	-	7,614	6,649
Depreciation	1,013	649	-	1,664	56	107	3,489	4,482
Dues and subscriptions	1,918	6,021	-	2,405	81	155	10,580	12,105
Equipment repairs and maintenance	8,688	5,569	-	16,771	482	920	32,430	26,000
Interest	1,441	924	-	2,369	80	153	4,967	6,410
Insurance	2,734	1,753	-	4,491	152	290	9,420	11,294
Meals	-	-	-	-	-	36,147	36,147	35,402
Meetings and banquets	51	124	-	-	-	179	354	952
Office supplies	2,770	1,793	-	4,568	150	330	9,611	12,625
Program expenses	85,992	3,069	-	5,571	4,559	223	99,414	103,890
Postage	508	327	-	837	29	54	1,755	1,902
Professional services	4,103	150	12,000	8,944	-	-	25,197	21,067
Rent	5,055	3,241	-	8,305	281	536	17,418	21,088
Telephone	319	67	-	1,719	6	12	2,123	1,938
Travel	9,054	30	-	1,978	103	516	11,681	24,601
Utilities	1,913	1,226	-	3,142	106	203	6,590	6,836
Total Other Expenses	130,879	25,976	12,000	70,040	6,205	39,864	284,964	329,003
Total Functional Expenses	$ 426,117	$ 271,604	$ 15,121	$ 270,733	$ 23,094	$ 61,665	$ 1,068,334	$ 1,142,136

See accompanying notes.

	Years Ended August 31, 2020	2019
Cash Flows from Operating Activities		
Change in net assets	**$ 153,181**	$ 62,948
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in beneficial interest in net assets of a community foundation	**(9,153)**	14,260
Depreciation	**4,256**	5,420
(Increase) decrease in assets		
Accounts receivable	**10,727**	2,979
Pledge receivable	**3,300**	2,324
Prepaid expenses	**(639)**	(2,090)
Increase (decrease) in liabilities		
Accounts payable	**6,932**	(15,375)
Accrued payroll taxes and other expenses	**10,627**	(140)
Net Cash Provided by Operating Activities	**179,231**	70,326
Cash Flows from Investing Activities		
Purchase of property and equipment	**(10,937)**	(1,873)
Net Cash Used in Investing Activities	**(10,937)**	(1,873)
Cash Flows from Financing Activities		
Issuance of long-term debt	**197,040**	-
Net Cash Provided by Financing Activities	**197,040**	-
Net Increase in Cash and Cash Equivalents	**365,334**	68,453
Cash and Cash Equivalents at Beginning of Year	**127,973**	59,520
Cash and Cash Equivalents at Beginning of Year	**$ 493,307**	$ 127,973
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 6,062**	$ 7,751
Cash and Cash Equivalents is Comprised of the Following on the Statement of Financial Position		
Cash and cash equivalents	**$ 419,597**	$ 83,139
Restricted cash	**73,710**	44,834
	$ 493,307	$ 127,973

Note 1 - Nature of Business

Jewish Family Service of Greater Harrisburg, Inc. (the Corporation) is a social service agency. Until November 7, 1996, activities of the Corporation were provided through the United Jewish Community of Greater Harrisburg, now Jewish Federation of Greater Harrisburg. On November 7, 1996, the Corporation became a separate legal entity, organized as a Pennsylvania nonprofit corporation. The Corporation provides assistance to Jewish and general communities through adoption and foster care services, counseling, kosher meals on wheels, outreach services, family based mental health services, children's play, and cognitive behavioral therapy, children's support and other groups, and other programs.

Note 2 - Summary of Significant Accounting Policies

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Corporation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 958*, *Not-for-Profit Entities*. Under ASC *Topic 958*, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Corporation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported net of an allowance for doubtful accounts to reserve for potential uncollectible amounts. Receivables are generally due thirty days after billed. The allowance for doubtful accounts is estimated based upon the collectability of delinquent accounts, generally those accounts that are three months or more past due. Receivables are charged off against the allowance when, in the judgement of management, it is unlikely they will be collected. Allowance for doubtful accounts was $4,461 and $59,280 at August 31, 2020 and 2019, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Pledges Receivable

Unconditional promises to give are recorded as pledges and are recognized as revenues when notified of the pledge. Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts were computed using risk-free interest rates. Amortization of the discount, if any, is included in contribution income. The allowance method is used to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Beneficial Interest in Net Assets of a Community Foundation

Beneficial interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Property and Equipment

Property and equipment are recorded at cost, if purchased, and fair value at the date of the donation, if contributed. Amounts exceeding $500, which are property and equipment expenditures and betterments that enhance property and equipment values are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets.

Long-Lived Assets

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management of the Corporation concluded that no impairment adjustments were required during the years ended August 31, 2020 or 2019.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018. The Corporation has implemented this standard during the year ended August 31, 2020. The Corporation has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets as of August 31, 2020 and did not have a material effect on the 2020 financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Program and Service Fees

Program and service revenues represent fees charged for foster care and adoption services, family based mental health services, group home services, kosher meals on wheels services, and counseling services. Program and service fees are recognized at the time the service is provided. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period. If additional performance obligations should occur, the revenue for these obligations is recognized when the product or service is provided.

Contributions

The Corporation recognizes contributions when cash, other assets, or an unconditional promise to give is received. Conditional promises to give and contributions received, 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 substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. If a restriction is satisfied in the same year the contribution is received, the support is reported as revenue without donor restrictions.

The Corporation reports gifts of property and equipment (or any other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor 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. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants

Grant revenue deemed to be a contribution is classified as either support with or without donor restrictions when received or receivable, as appropriate depending on the existence of donor restrictions. Such grant revenue is not deemed to be in respect of exchange transactions, since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

Grant revenue deemed to be in respect of exchange transactions is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

The Corporation receives donated services in carrying out its activities. In accordance with FASB ASC 958-605-25, these donated services do not meet the criteria for recognition as contributed services and, therefore, no revenue or expense for donated services are included in the financial statements.

Income Tax Status

The Corporation is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes on related activities pursuant to 509(a) of the IRC. In addition, the Corporation was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

The Corporation follows the standards for accounting for uncertainty in income taxes according to the principles of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires management to evaluate tax positions taken by the Corporation, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Corporation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2017.

Functional Allocation of Expenses

The Corporation allocates its expenses on a functional basis among the various program and supporting services. Expenses that can be identified, with a specific program and supporting services, are allocated directly according to their natural expenditures classification. Certain expenses have been allocated among the programs and supporting services benefited using reasonable and applicable basis that may include square footage and estimated time and usage.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Advertising

The Corporation follows the policy of charging costs of advertising to expense as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a Consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The Corporation implemented this standard during the year ended August 31, 2020. The ASU has been applied retrospectively to all periods presented, which had no material effect on the Corporation's 2019 financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)*: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under *Subtopic 958-605* or as an exchange transaction accounted for under other guidance. During the year ended August 31, 2020, the Corporation implemented the provisions of ASU 2018-08 applicable to contributions received under a modified perspective basis. Accordingly, there is no effect on net assets in connection with the Corporation's implementation of this standard.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine which lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. This standard is effective for the fiscal years beginning after December 15, 2021 for the Corporation. The Corporation is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 3 - Liquidity and Availability

The Corporation manages its liquidity by managing its working capital.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at August 31:

	2020	2019
Cash and cash equivalents	**$ 493,307**	$ 127,973
Accounts receivable, net	**95,573**	106,300
Pledge receivable	**5,838**	9,138
Annual distribution from beneficial interest in net assets of a community foundation	**7,410**	8,009
Total Financial Assets	**602,128**	251,420
Amounts that are internally designated or externally restricted		
Donor-imposed restrictions		
Restricted cash and cash equivalents	**(73,710)**	(44,834)
Pledge receivable - United Way	**(5,858)**	(8,158)
Financial Assets not Available to be Used Within One Year	**(79,568)**	(52,992)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 522,560**	$ 198,428

The Corporation has assets limited to use due to being held in accounts designated for use for certain programs. These assets limited to use, which are more fully described in Notes 5 and 11 are not available for general expenditure within the next year.

The Corporation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Corporation manages its cash available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability; and
- Sustaining adequate liquid assets.

Note 4 - Concentrations

The Corporation maintains cash balances at financial institutions, which may at times, exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risks on its cash accounts.

The Corporation has a contract with a non-related social service organization to provide adoption services. Revenue from this contract is included in Program Services Fees-Adoption and is 24% and 27%, respectively, of total program service fees revenue during each of the years ended August 31, 2020 and 2019, and the receivable amount from this organization is 38% and 35% of total accounts receivable at August 31, 2020 and 2019, respectively.

Note 5 - Pledge Receivable

The pledge receivable consists of United Way funding for the subsequent year and various contribution amounts pledged by individual's payable in the subsequent year. The pledge receivable amounts have been recorded at estimated realizable value, net of allowance for uncollectible pledge receivable. There was no allowance for uncollectible pledge receivable at August 31, 2020 and 2019.

Note 6 - Beneficial Interest in Net Assets of a Community Foundation

The Corporation is the beneficiary of eight endowment funds of the Greater Harrisburg Foundation, a component of the Foundation for Enhancing Communities (the Foundation), a community foundation. The funds are the property of the Foundation and are held as component funds of the Foundation. The Corporation funds are co-mingled with those of other funds for investment purposes.

The Board of Directors has directed the Foundation to distribute the income according to the Foundation's spending policy for the endowment funds.

The organizational endowment funds are reflected in the statement of financial position as beneficial interest in net assets of a community foundation.

Note 7 - Fair Value of Financial Instruments

Financial Accounting Standards Board Accounting Standards Codification 820-10-05, *Fair Value Measurements* (FASC 820-10-05), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on the transparency of the inputs to the valuation of an asset or liability as follows:

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

Note 7 - Fair Value of Financial Instruments (continued)

Level 2 - Inputs to the valuation methodology include other significant observable inputs such as:

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

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

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

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

The following is a description of the valuation methodology and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2020.

Beneficial interest in net assets of a community foundation

Assets held by the Foundation are invested in fixed income funds, equities and equity funds that have quoted prices in active markets. The Corporation adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the assets being carried at fair value. The interest in the assets held by the Foundation is measured using Level 3 inputs within the fair value hierarchy.

Assets/liabilities measured at fair value on recurring basis comprise the following:

	Fair Value Measurements at August 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in net assets of a community foundation	**$ -**	**$ -**	**$ 165,869**	**$ 165,869**

Note 7 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at August 31, 2019			
	Level 1	Level 2	Level 3	Total
Beneficial interest in net assets of a community foundation	$ -	$ -	$ 156,716	$ 156,716

For assets falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended August 31 is as follows:

	Beneficial Interest in Net Assets of a Community Foundation
Balance at August 31, 2018	$ 170,976
Unrealized losses	(14,260)
Balance at August 31, 2019	156,716
Unrealized gains	**9,153**
Balance at August 31, 2020	**$ 165,869**

The unrealized gains and losses for beneficial interest in net assets of a community foundation are included as change in beneficial interest in net assets of a community foundation on the statement of activities.

Note 8 - Property and Equipment, Net

Property and equipment consist of the following at August 31:

	2020	2019
Furniture and equipment	**$ 55,736**	$ 44,799
Accumulated depreciation	**(33,513)**	(29,257)
	$ 22,223	$ 15,542

Note 9 - Long-Term Debt

Long-term debt consists of the following at August 31:

	2020	2019
Paycheck Protection Program Loan	**$ 197,040**	$ -

Paycheck Protection Program Loan - On March 27, 2020, Congress enacted the CARES Act which established Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Corporation applied for a loan under this Program and received from its bank a loan in the amount of $197,040 on May 8, 2020. The loan is forgivable if the Corporation meets certain criteria as established under the Program. The Corporation will apply for loan forgiveness in fiscal year 2021. The Corporation anticipates there may be further guidance issued by the SBA, the U.S. Department of Treasury, the bank, and other regulators related to the Program which could impact the loan and loan forgiveness.

The loan bears interest at a fixed rate of 1.00% and specifies accrual of interest for the first seven months following the date of the loan and thereafter will convert to monthly payments of principal and interest. If any portion of the loan is forgiven in connection with the CARES Act and the terms of the Program, the monthly payments of principal and interest shall thereafter be recalculated by the lender to fully amortize any outstanding amounts remaining after forgiveness over the remaining term of the loan. The loan matures on May 8, 2022, at which time all remaining principal and interest is due. Under the PPP Flexibility Act, the deferral period to be made under PPP loans was extended to ten months following the last day of the covered period if loan forgiveness is not applied for or to the date SBA remits the loan forgiveness amount to the borrower.

Future maturities are as follows at August 31:

2021	$ **-**
2022	**197,040**

Note 10 - Line of Credit

The Corporation has a $120,000 business line of credit loan with BB&T. The line of credit is payable in monthly installments of interest only and principal is due on demand. The interest rate is a variable rate of interest that is equal to the lender's prime rate, plus 0.50%. The interest rate at August 31, 2020 and 2019 was 5.00% and 5.75%, respectively.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions, which are temporary in nature, are available for the following purposes at August 31:

	2020	2019
Pledge Receivable - United Way	**$ 5,858**	$ 8,158
Jewish Family Service Operating Resources Fund	**73,092**	69,015
Jewish Family Service Counseling Subsidy Fund	**10,006**	9,492
Jewish Family Service Healing Center Fund	**16,207**	15,288
Jewish Family Service Family Life Education Fund	**10,040**	9,502
Jewish Family Service Outreach Programs Fund	**13,719**	10,184
Jewish Family Assistance Endowment Fund	**10,759**	12,953
Jack, Jan, and Harren Pitnick Fund	**20,725**	19,564
Libby Urie Philanthropic Fund	**11,321**	10,718
Case Management and Family Assistance Program	**73,710**	44,834
	$ 245,437	$ 209,708

Note 12 - Pension Plan

Pension benefits are provided to the Corporation's employees under the Jewish Federation of Greater Harrisburg Pension Plan, a noncontributory defined benefit pension plan sponsored by Jewish Federation of Greater Harrisburg covering employees who meet age and service requirements. The plan was amended effective December 31, 2013 to exclude from participation all employees not already participating in the plan and to cease benefit accruals and the crediting hours of service for purposes of accruing additional years of benefit service. Eligible employees may have elected to be excluded from the plan. Benefits are based on years of service and average compensation of the employees. The Corporation does not have a formal agreement to determine the amount of its pension contribution to be made to the plan, if any. Jewish Federation of Greater Harrisburg, based on the actuarial report for the plan, required cash contributions to the plan of $27,094 and $23,693 for the years ended August 31, 2020 and 2019, respectively. The Corporation plans to make pension contributions for the year ended August 31, 2021 in the projected amount of $27,710.

The Corporation sponsors a 403(b) defined contribution plan covering substantially all of its employees. Eligibility occurs immediately upon employment with the Corporation. The plan is entirely funded by voluntary employee contributions. The Corporation does not match employee contributions or make additional contributions to the plan.

Note 13 - Operating Leases

During September 2017, the Corporation entered into a 63-month non-cancelable copier lease with a base monthly lease payment of $381. Rent expense under the lease agreement for the years ended August 31, 2020 and 2019 was $5,572 and $5,458, respectively. Future minimum lease payments for the next three years are $4,577 annually through the year ended August 31, 2022 and $1,144 for the year ended August 31, 2023.

Note 14 - Related Party Transactions

The fundamental relationship between the Corporation and the Jewish Federation of Greater Harrisburg (formerly the United Jewish Community of Greater Harrisburg) that reflects the purposes for which the Corporation was created is described in a relationship agreement dated February 8, 2001. The Corporation received $41,250 and $45,000, respectively, cash support from Jewish Federation of Greater Harrisburg during the years ended August 31, 2020 and 2019.

In an agreement dated February 8, 2001, the Corporation entered into a lease agreement to lease a building owned by Jewish Federation of Greater Harrisburg. In addition, this agreement included administrative services to be provided by Jewish Federation of Greater Harrisburg. The initial term was five years, with the option to extend for one period of five years which was exercised on January 1, 2006 and the lease term was through December 31, 2010. However, the lease is being renewed on an annual basis with the same terms. The initial lease called for monthly rental payments of $1,210, with an additional $200 paid to a capital reserve fund held by Jewish Federation of Greater Harrisburg. In addition, the monthly rental payments are subject to annual increases by an amount equal to the increase in the Consumer Price Index. The current monthly rental amount is $2,125 at August 31, 2020. At August 31, 2020 and 2019, total rental and facility expense under this lease was $21,250 and $25,500, respectively.

The administrative services to be provided by Jewish Federation of Greater Harrisburg under this agreement include the administering of employee benefits and marketing and public relations services. During the years ended August 31, 2020 and 2019, the Corporation incurred expenses totaling $32,485 and $29,535, respectively, to Jewish Federation of Greater Harrisburg for pension, dental, vision, life and disability insurance, and other benefits, and $5,000 and $5,840, respectively, for marketing and public relations services. At August 31, 2020 and 2019, total amount payable to Jewish Federation of Greater Harrisburg was $1,250 and $9,853, respectively.

Note 15 - Program Service Fees

Program service fees consisted of the following for the years ended August 31:

	2020	2019
Adoption and Foster Care	**$ 469,167**	$ 463,739
Counseling	**306,026**	297,900
Kosher Meals on Wheels	**31,399**	45,348
Case Management	**-**	22,424
Group Home	**13,830**	16,596
Family Based Mental Health	**336,527**	294,686
	$ 1,156,949	$ 1,140,693

Note 16 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it may have an impact and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Corporation operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Corporation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 17 - Subsequent Events

The Corporation has evaluated subsequent events through February 26, 2021. This date is the date the financial statements were available to be issued. No material events subsequent to August 31, 2020 were noted.