

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
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**June 30, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Jewish Family & Children's Service of Greater Mercer County, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***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 and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 basis for our audit opinion.

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## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family & Children's Service of Greater Mercer County, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State and County Awards is presented for purposes of additional analysis as required by the New Jersey Department of Human Services, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of Jewish Family & Children's Service of Greater Mercer County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jewish Family & Children's Service of Greater Mercer County, Inc.'s internal control over financial reporting and compliance.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 9, 2021



Accountants and Advisors for Entrepreneurial Minds

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

<b>Assets</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash, unrestricted	\$ 1,112,822	\$ 1,013,093
Investments	5,000	5,000
Accounts receivable, net	65,193	83,517
Grants receivable	44,374	199,510
Prepaid expenses and other current assets	33,580	26,997
Pledges receivable	6,375	13,875
Beneficial interests in assets held by foundation	1,665,814	1,425,364
Property and equipment, net	816,372	724,670
Cash, restricted	413,492	405,181
Certificate of deposit, restricted	15,988	15,970
Cash surrender value of life insurance	<u>98,000</u>	<u>86,000</u>
<b>Total assets</b>	<b>\$ <u>4,277,010</u></b>	<b>\$ <u>3,999,177</u></b>
 <b>Liabilities and net assets</b>		
Liabilities		
Accounts payable	\$ 77,589	\$ 68,249
Accrued expenses	16,569	9,108
Accrued payroll and payroll taxes	20,743	19,315
Deferred revenue	53,685	121,591
Deferred compensation	79,000	75,000
Long-term debt	<u>115,000</u>	<u>343,400</u>
Total liabilities	362,586	636,663
Net assets		
Net assets without donor restrictions	1,489,827	1,254,389
Net assets with donor restrictions	<u>2,424,597</u>	<u>2,108,125</u>
Total net assets	<u>3,914,424</u>	<u>3,362,514</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>4,277,010</u></b>	<b>\$ <u>3,999,177</u></b>

*See notes to financial statements*

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Support and revenue</b>			
Grants and contributions	\$ 1,362,671	\$ 606,286	\$ 1,968,957
Counseling and service fees	323,006	--	323,006
Investment income (loss)	( 12,970)	339,142	326,172
Forgiveness of PPP loan	230,252	--	230,252
Special events - fundraising	<u>208,853</u>	<u>--</u>	<u>208,853</u>
Total support and revenue before net assets released from restrictions	2,111,812	945,428	3,057,240
Net assets released from restrictions	<u>628,956</u>	<u>( 628,956)</u>	<u>--</u>
Total support and revenue	2,740,768	316,472	3,057,240
 <b>Expenses</b>			
Program expenses	2,070,794	--	2,070,794
General and administrative	233,813	--	233,813
Fundraising	<u>200,723</u>	<u>--</u>	<u>200,723</u>
Total expenses	<u>2,505,330</u>	<u>--</u>	<u>2,505,330</u>
 <b>Change in net assets</b>	235,438	316,472	551,910
 <b>Net assets – beginning of year</b>	<u>1,254,389</u>	<u>2,108,125</u>	<u>3,362,514</u>
 <b>Net assets – end of year</b>	<u><u>\$ 1,489,827</u></u>	<u><u>\$ 2,424,597</u></u>	<u><u>\$ 3,914,424</u></u>

*See notes to financial statements*

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Support and revenue</b>			
Grants and contributions	\$ 1,439,546	\$ 555,817	\$ 1,995,363
Counseling and service fees	316,323	--	316,323
Investment income (loss)	2,295	( 8,840)	( 6,545)
Special events - fundraising	<u>195,615</u>	<u>--</u>	<u>195,615</u>
Total support and revenue before net assets released from restrictions	1,953,779	546,977	2,500,756
Net assets released from restrictions	<u>386,247</u>	<u>( 386,247)</u>	<u>--</u>
Total support and revenue	2,340,026	160,730	2,500,756
 <b>Expenses</b>			
Program expenses	1,706,504	--	1,706,504
General and administrative	190,851	--	190,851
Fundraising	<u>214,372</u>	<u>--</u>	<u>214,372</u>
Total expenses	<u>2,111,727</u>	<u>--</u>	<u>2,111,727</u>
 <b>Change in net assets</b>	228,299	160,730	389,029
 <b>Net assets – beginning of year</b>	<u>1,026,090</u>	<u>1,947,395</u>	<u>2,973,485</u>
 <b>Net assets – end of year</b>	<u><u>\$ 1,254,389</u></u>	<u><u>\$ 2,108,125</u></u>	<u><u>\$ 3,362,514</u></u>

*See notes to financial statements*

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 551,910	\$ 389,029
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense	150	16,956
Depreciation expense	50,532	49,659
Net unrealized (gain) loss on investments	( 296,671)	7,951
Forgiveness of PPP loan	( 230,252)	--
Change in operating assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable, net	18,174	18,465
Grants receivable	155,136	( 66,667)
Prepaid expenses and other current assets	( 6,583)	( 1,805)
Pledges receivable	7,500	18,500
Loans receivable, net	--	1,863
Increase (decrease) in liabilities		
Accounts payable	9,340	33,354
Accrued expenses	7,461	1,261
Accrued payroll and payroll taxes	1,428	( 32,731)
Accrued interest on PPP loan	1,852	--
Deferred revenue	( 67,906)	99,016
Deferred compensation	<u>4,000</u>	<u>3,000</u>
Net cash provided by operating activities	206,071	537,851
<b>Cash flows from investing activities</b>		
Increase in value of certificate of deposit	( 18)	( 22)
Withdrawal of assets held by a foundation	56,221	58,908
Purchases of property and equipment	( 142,234)	( 121,051)
Increase in cash surrender value of life insurance	<u>( 12,000)</u>	<u>( 12,000)</u>
Net cash used in investing activities	( 98,031)	( 74,165)
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program loan	<u>--</u>	<u>228,400</u>
Net cash provided by financing activities	<u>--</u>	<u>228,400</u>
<b>Increase in cash</b>	108,040	692,086
<b>Cash at beginning of year</b>	<u>1,418,274</u>	<u>726,188</u>
<b>Cash at end of year</b>	<u><u>\$ 1,526,314</u></u>	<u><u>\$ 1,418,274</u></u>
<b>Reconciliation of cash</b>		
Cash, unrestricted	\$ 1,112,822	\$ 1,013,093
Cash, restricted	<u>413,492</u>	<u>405,181</u>
Total cash	<u><u>\$ 1,526,314</u></u>	<u><u>\$ 1,418,274</u></u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for the years for interest	<u><u>\$ 1,747</u></u>	<u><u>\$ --</u></u>

See notes to financial statements



**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	<b>Senior Services</b>	<b>Counseling Expenses</b>	<b>Case Management</b>	<b>Community Programs</b>	<b>Food Expenses</b>	<b>Total Program Expenses</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 146,126	\$ 332,147	\$ 21,302	\$ 182,441	\$ 197,284	\$ 879,300	\$ 141,050	\$ 106,289	\$ 1,126,639
Financial assistance	274,516	--	10,942	47,694	414,599	747,751	--	--	747,751
Professional fees	4,097	82,334	819	6,355	5,063	98,668	45,238	1,400	145,306
Payroll taxes	11,823	26,765	1,695	14,670	15,762	70,715	11,241	8,463	90,419
Special events	--	--	--	--	--	--	--	66,451	66,451
Employee benefits	5,793	13,905	2,122	12,279	12,264	46,363	7,637	4,998	58,998
Depreciation	6,328	13,922	1,266	8,011	16,781	46,308	4,224	--	50,532
Insurance	6,207	13,655	1,241	7,857	8,276	37,236	4,143	--	41,379
Utilities	6,692	8,093	736	4,657	4,905	25,083	2,454	--	27,537
Rent	2,253	11,949	451	2,852	4,029	21,534	1,502	--	23,036
Computer software	1,569	3,302	289	2,430	1,929	9,519	965	7,507	17,991
Office expense	1,762	745	66	418	5,488	8,479	8,723	20	17,222
Miscellaneous expenses	2,826	4,801	383	2,427	3,250	13,687	1,682	25	15,394
Printing and publishing	926	1,989	181	1,315	6,378	10,789	603	3,096	14,488
Conferences and meetings	2,442	1,235	81	1,431	5,912	11,101	267	1,542	12,910
Repairs and maintenance- buildings and grounds	1,487	3,272	298	1,883	3,945	10,885	992	--	11,877
Dues and subscriptions	1,437	3,161	287	1,819	1,916	8,620	959	42	9,621
Payroll service	1,341	2,951	268	1,698	1,788	8,046	895	--	8,941
Interest expense	1,051	2,312	210	1,330	1,401	6,304	702	--	7,006
Advertising and marketing	612	412	37	987	1,750	3,798	125	--	3,923
Postage and delivery	386	534	56	307	648	1,931	162	890	2,983
Repairs and maintenance- equipment	372	818	74	470	496	2,230	248	--	2,478
Travel	274	43	--	213	1,767	2,297	1	--	2,298
Bad debt expense	--	--	--	150	--	150	--	--	150
<b>Total expenses</b>	<b>\$ 480,320</b>	<b>\$ 528,345</b>	<b>\$ 42,804</b>	<b>\$ 303,694</b>	<b>\$ 715,631</b>	<b>\$ 2,070,794</b>	<b>\$ 233,813</b>	<b>\$ 200,723</b>	<b>\$ 2,505,330</b>

See notes to financial statements

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	<u>Senior Services</u>	<u>Counseling Expenses</u>	<u>Case Management</u>	<u>Community Programs</u>	<u>Food Expenses</u>	<u>Total Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 144,008	\$ 320,363	\$ 16,951	\$ 171,451	\$ 106,805	\$ 759,578	\$ 109,408	\$ 90,903	\$ 959,889
Financial assistance	297,038	--	4,762	54,162	132,944	488,906	64	426	489,396
Professional fees	11,510	80,126	1,059	12,765	5,294	110,754	40,111	960	151,825
Payroll taxes	11,599	25,717	1,379	13,782	8,591	61,068	8,853	7,300	77,221
Special events	--	--	--	--	--	--	--	76,525	76,525
Employee benefits	6,264	14,745	1,899	12,480	7,196	42,584	8,116	3,721	54,421
Depreciation	14,401	10,428	1,490	10,925	7,449	44,693	4,966	--	49,659
Insurance	8,776	6,355	908	6,658	4,540	27,237	3,027	--	30,264
Utilities	9,129	4,897	700	5,288	3,498	23,512	2,330	--	25,842
Rent	5,784	10,571	567	9,420	5,612	31,954	1,892	500	34,346
Computer software	2,271	1,645	235	2,192	1,175	7,518	783	6,158	14,459
Office expense	2,658	1,741	282	2,085	2,780	9,546	760	47	10,353
Miscellaneous expenses	2,561	2,672	199	2,346	1,453	9,231	4,685	--	13,916
Printing and publishing	2,402	3,027	247	3,207	2,048	10,931	821	5,984	17,736
Conferences and meetings	3,739	1,052	62	6,704	8,052	19,609	208	2,985	22,802
Repairs and maintenance- buildings and grounds	2,373	1,719	246	2,020	1,528	7,886	818	--	8,704
Dues and subscriptions	1,865	1,350	193	1,415	965	5,788	643	430	6,861
Payroll service	2,644	1,914	274	2,005	1,367	8,204	912	--	9,116
Interest expense	1,186	859	123	900	614	3,682	409	--	4,091
Advertising and marketing	1,319	955	136	1,920	682	5,012	454	17,917	23,383
Postage and delivery	726	517	72	539	418	2,272	239	360	2,871
Repairs and maintenance- equipment	1,023	740	106	945	529	3,343	352	--	3,695
Travel	711	910	--	5,050	569	7,240	--	156	7,396
Bad debt expense	<u>2,900</u>	<u>6,244</u>	<u>300</u>	<u>5,012</u>	<u>1,500</u>	<u>15,956</u>	<u>1,000</u>	<u>--</u>	<u>16,956</u>
<b>Total expenses</b>	<b>\$ <u>536,887</u></b>	<b>\$ <u>498,547</u></b>	<b>\$ <u>32,190</u></b>	<b>\$ <u>333,271</u></b>	<b>\$ <u>305,609</u></b>	<b>\$ <u>1,706,504</u></b>	<b>\$ <u>190,851</u></b>	<b>\$ <u>214,372</u></b>	<b>\$ <u>2,111,727</u></b>

See notes to financial statements

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 – Summary of significant accounting policies**

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

***Nature of organization***

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

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

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

***Basis of presentation***

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

***Net assets without donor restrictions***

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

***Net assets with donor restrictions***

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

The Organization had \$2,424,597 and \$2,108,125 in net assets with donor restrictions at June 30, 2021 and 2020, respectively.

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 – Summary of significant accounting policies (continued)**

***Cash and cash equivalents***

Short-term investments, certificates of deposit and treasury obligations with an original maturity of three months or less are considered to be cash equivalents. The Organization has no cash equivalents at June 30, 2021 and 2020.

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

***Promises to give***

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

***Contribution revenue recognition***

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

***Program revenues and accounts receivable***

Counseling and service fee revenues are recognized at the time services are provided. Accounts receivable are recorded net of contractual adjustments and an allowance for doubtful accounts; therefore accounts receivable consist only of the amounts that management expects to receive. Because of the inherent uncertainties in estimating the allowance for doubtful accounts, it is at least reasonably possible that the estimates used will change within the near term. Receivables are written off as a charge to the allowance for doubtful accounts when management determines the receivable will not be collected. At June 30, 2021 and 2020, the Organization's accounts receivable were net of an allowance for doubtful accounts of \$8,391 and \$8,391, respectively.

***Investments***

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

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 – Summary of significant accounting policies (continued)**

***Property and equipment***

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

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

***Functional expenses***

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

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

***Advertising***

The Organization expenses advertising costs as incurred. Total advertising expense for the years ended June 30, 2021 and 2020 totaled \$3,923 and \$23,383, respectively.

***Income taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized as of June 30, 2021 and 2020.

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

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 – Summary of significant accounting policies (continued)**

***Income taxes (continued)***

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of June 30, 2021 or 2020, or the accompanying statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

***Reclassifications***

Certain amounts previously reported in the financial statements for the year ended June 30, 2020 have been reclassified to conform to the June 30, 2021 classifications.

***Use of estimates***

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

**Note 2 – Adoption of new accounting pronouncement**

During the year ended June 30, 2021, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), ASU 2014-09 Revenue from Contracts with Customers (Topic 606). Management has analyzed the provisions of Topic 606 and has concluded that no changes are necessary to conform with the new standard.

**Note 3 – Cash and certificate of deposit - restricted**

The Organization maintains separate bank accounts which are restricted for board designated purposes, as described in Note 9.

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

**Note 4 – Promises to give**

Unconditional promises to give were received to support the ongoing operations of the Organization. The unconditional promises to give as of June 30, 2021 and 2020 are due within one year.

**Note 5 – Fair value**

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

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

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 5 – Fair value (continued)**

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

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

The following table sets forth by level, within fair value hierarchy, the Organization's assets at fair value as of June 30, 2021.

	<b>Level 1</b> <b>Quoted Prices</b> <b>in Active</b> <b>Markets</b>	<b>Level 2</b> <b>Observable</b> <b>Measurement</b> <b>Criteria</b>	<b>Level 3</b> <b>Unobservable</b> <b>Measurement</b> <b>Criteria</b>	<b>Total</b>
Bonds	\$ 5,000	\$ --	\$ --	\$ 5,000
Beneficial interest in assets held by Foundation	--	--	--	1,665,814
Total assets	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,670,814</u>

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 5 – Fair value (continued)**

The following table sets forth by level, within fair value hierarchy, the Organization's assets at fair value as of June 30, 2020.

	<b>Level 1 Quoted Prices in Active Markets</b>	<b>Level 2 Observable Measurement Criteria</b>	<b>Level 3 Unobservable Measurement Criteria</b>	<b>Total</b>
Bonds	\$ 5,000	\$ --	\$ --	\$ 5,000
Beneficial interest in assets held by Foundation	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,425,364</u>
Total assets	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,430,364</u>

**Note 6 – Property and equipment**

Property and equipment consists of the following as of June 30, 2021 and 2020:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Buildings	\$ 913,487	\$ 861,757
Furniture	38,147	54,837
Equipment	211,191	262,200
Artwork	4,257	4,257
Vehicle	<u>189,118</u>	<u>117,993</u>
Total property and equipment	1,356,200	1,301,044
Less: accumulated depreciation	<u>( 539,828)</u>	<u>( 576,374)</u>
Property and equipment, net	<u>\$ 816,372</u>	<u>\$ 724,670</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$50,532 and \$49,659, respectively.

**Note 7 – Beneficial interests in assets held by foundation**

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

The Organization was named in the will of a deceased donor to the Foundation. The Organization may withdraw up to two percent of the principal of the assets in the fund each year. As of June 30, 2021, interest of \$26,830 and principal of \$26,683 were available to be withdrawn. The value of the fund as of June 30, 2021 and 2020 was \$1,587,141 and \$1,360,976, respectively. The assets not available for current use are classified as net assets with donor restrictions.

The Organization also holds various other funds under the Foundation, the value of these funds as of June 30, 2021 and 2020 totaled \$78,673 and \$64,388, respectively.



**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 7 – Beneficial interests in assets held by foundation (continued)**

Investment income consists of the following at June 30, 2021 and 2020:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Interest and dividends	\$ 43,574	\$ 18,345
Appreciation (depreciation) in value of assets	296,671	( 7,951)
Investment management fees	<u>( 14,073)</u>	<u>( 16,939)</u>
	<u><b>\$ 326,172</b></u>	<u><b>\$ ( 6,545)</b></u>

**Note 8 – Mortgage payable**

The Organization has a \$115,000 mortgage on an office condominium in West Windsor, NJ, payable to the Jewish Federation of Mercer/Bucks Counties. The mortgage is non-interest bearing and secured by real estate with a book value of \$115,398 at June 30, 2021. The note is due upon the sale of this property.

Interest expense of \$3,738 has been imputed at 3.25% for each of the years ended June 30, 2021 and 2020.

**Note 9 – Board designated net assets and cash, restricted**

The Board of Directors has set aside a portion of the Organization's net assets to be available for the following purposes as of June 30, 2021 and 2020:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Building fund	\$ 45,289	\$ 45,172
Hebrew free loans	49,433	49,422
Ongoing operations	<u>318,770</u>	<u>310,587</u>
Total	<u><b>\$ 413,492</b></u>	<u><b>\$ 405,181</b></u>

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

**Note 10 – Net assets with donor restrictions**

Net assets with donor restrictions are available for the following purposes as of June 30, 2021 and 2020:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Income used for scholarships, principal permanently restricted	\$ 17,736	\$ 17,736
Assistance to family and children	819,720	729,414
Assets held in charitable foundation - time restricted	<u>1,587,141</u>	<u>1,360,975</u>
Total net assets with donor restrictions	<u><b>\$ 2,424,597</b></u>	<u><b>\$ 2,108,125</b></u>

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 10 – Net assets with donor restrictions (continued)**

Net assets released from restrictions during the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Assistance to family and children	\$ 531,685	\$ 329,730
Assets held in charitable foundation - time restricted	<u>97,271</u>	<u>56,517</u>
Total released	<u>\$ 628,956</u>	<u>\$ 386,247</u>

**Note 11 – Liquidity and availability of financial assets**

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

The Organization prepares a detailed budget to ensure adequate resources to cover programs. The Organization focuses on monitoring collections of receivables and timing vendor payments to maximize the time they have access to the cash. The Organization also has a \$150,000 revolving line of credit available for short-term liquidity needs. The following reflects the Organization's financial assets available to be used for the fulfillment of payments within one year of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash, unrestricted	\$ 1,112,822	\$ 1,013,093
Investments	5,000	5,000
Accounts receivable, net	65,193	83,517
Grants receivable	44,374	199,510
Pledges receivable	6,375	13,875
Beneficial interests in assets held by foundation, amount available for current use	<u>57,601</u>	<u>53,513</u>
Total financial assets	<u>\$ 1,291,365</u>	<u>\$ 1,368,508</u>

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

**Note 12 – Concentrations, revenues**

Approximately 14% of the Organization's grant and contribution revenues are derived from various contracts with Mercer County. Approximately 53% of grants receivable at June 30, 2021 are due under these contracts.

**Note 13 – Retirement plan**

The Organization sponsors a defined contribution benefit plan, covering employees employed one year or more by the Organization. After completing one year of service, the Organization will contribute 1% of the participant's compensation. After completing two years of service, the Organization contributes 3% of the participant's compensation. The expense totaled \$24,391 and \$17,950 for the years ended June 30, 2021 and 2020, respectively.

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 14 – Related party transactions**

A board member of the Organization is employed by the firm through which the Organization purchases its commercial insurance policies. The board member is not involved in handling the Organization's insurance, and does not vote on insurance-related matters when put in front of the board.

**Note 15 – Commitments**

The Organization rents certain facilities under short-term rental agreements. Office equipment is leased through September 2021. Rent expense under these arrangements is not significant to the financial statements. The Organization's offices require monthly condominium fees which total approximately \$1,053 per month at June 30, 2021.

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

**Note 16 – Line of credit**

The Organization had available a \$150,000 revolving line of credit with a bank which was secured by all assets of the Organization and bears interest at the prime rate plus 0.75% (4.00% at June 30, 2021). There were no borrowings against this line at June 30, 2021 and 2020. The line matured December 30, 2020 and is the process of being renewed. The line is collateralized by all assets of the Organization.

**Note 17 – COVID-19**

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and U.S. markets. While management believes the Organization is in an appropriate position to weather the potential short-term effects of these world-wide events, the direct and long-term impact to the Organization and its financial statements is undetermined at this time.

In May 2020, the Organization received a loan of \$228,400, which was guaranteed by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP). This loan as well as accrued interest totaling \$1,852, was forgiven March 1, 2021, as the Organization expended the funds for allowable expenses as defined by the PPP, at which time, it was recognized as income in the accompanying financial statements.

**Note 18 – Subsequent events**

The Organization evaluated subsequent events through November 9, 2021, which is the date the financial statements were available for issuance and has not noted any events to be disclosed.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Jewish Family & Children's Service of Greater Mercer County, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lear & Pannepacker, LLP

Princeton, New Jersey  
November 9, 2021



Accountants and Advisors for Entrepreneurial Minds

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Schedule of Expenditures of State and County Awards**  
**Year Ended June 30, 2021**

<u>Grantor</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Grant Expenditures</u>
State of New Jersey Department of Human Services	20010	7/1/20 - 6/30/21	\$ 31,777	\$ 10,839
Hispanic Outreach				
Outpatient Mental Health Services	2021-91	1/1/21-12/31/21	30,000	15,000
Outpatient Mental Health Services	2019-592	1/1/20-12/31/20	30,000	15,000
Early Intervention Services	2021-90	1/1/21-12/31/21	25,850	6,075
Early Intervention Services	2019-593	1/1/20-12/31/20	25,850	3,369
Latino Trauma Treatment				
Special Initiative Services	2021-92	1/1/21-12/31/21	76,000	38,000
Special Initiative Services	2020-15	1/1/20-12/31/20	76,000	38,000
Community Support Services				
East Windsor/Hightstown	2021-89	1/1/21-12/31/21	135,300	67,650
East Windsor/Hightstown	2020-48	1/1/20-12/31/20	135,300	67,650
Office of Aging				
Kosher Cafe	2020-606	1/1/21-12/31/21	25,000	15,936
Kosher Cafe	2018-569	1/1/20-12/31/20	25,000	<u>9,448</u>
<b>Total expenditures of all awards</b>				<b>\$ <u>286,967</u></b>

*See accompanying notes to schedule of expenditures of state and county awards*

**Jewish Family & Children's Service of Greater Mercer County, Inc.**  
**Notes to Schedule of Expenditures of State and County Awards**  
**June 30, 2021**

**Note 1 – Basis of presentation**

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

The purpose of the Schedule is to present a summary of those activities of the Organization for the year ended June 30, 2021, which have been financed by state and county agencies. For purposes of the Schedule, state and county awards include any assistance provided by an agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriation, loans, loan guarantees, property, interest subsidies, insurance and other non-cash assistance. Because the Schedule presents only a selected portion of the activities of the Organization, it is not intended to, and does not, present either the financial position or the revenue, expenditures and other changes in net assets of the Organization.

**Note 2 – Relationship to basic financial statements**

Expenditures related to state and county awards are reported in the Statement of Functional Expenses under the captions of program services and general and administrative. With respect to certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the accompanying Schedule of Expenditures of State and County Awards due to program and general and administrative expenditures in excess of grant or contract budgets, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.