JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC. AND JEWISH FAMILY SERVICE FOUNDATION, INC.

CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family & Children's Services of Northern New Jersey, Inc.
and Jewish Family Service Foundation, Inc.

We have audited the accompanying consolidating and consolidated financial statements of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc. (the "Organization"), which comprise the consolidating statement of financial position as of June 30, 2020, and the related consolidating statements of activities and functional expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating and consolidated 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 consolidating and consolidated 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 consolidating and consolidated financial statements based on our audit. We conducted our audit 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 consolidating and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating and consolidated 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 consolidating and consolidated 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 consolidating and consolidated 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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Opinion

In our opinion, the consolidating and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family & Children's Services of Northern New Jersey, Inc. and Jewish Family Service Foundation, Inc. as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the consolidating and consolidated financial statements, the Organization adopted the amendments in Accounting Standards Update No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

Other Matters

As discussed in Note 12 to the consolidating and consolidated financial statements, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Further, the Organization received a Paycheck Protection Program refundable advance in conjunction with this event. Our conclusion is not modified with respect to this matter.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Melville, New York
January 11, 2021

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	Jewish Family & Children's Services of Northern New Jersey, Inc.	Jewish Family Service Foundation, Inc.	Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents	$ 1,309,748	$ 39,052	$ -	$ 1,348,800
Investments	-	638,261	-	638,261
Accounts receivable	221,769	-	-	221,769
Due from related party	-	48,000	(48,000)	-
Prepaid expenses and other assets	82,371	-	-	82,371
Cemetery plots	7,200	-	-	7,200
Property and equipment, net	1,050,824	-	-	1,050,824
TOTAL ASSETS	$ 2,671,912	$ 725,313	$ (48,000)	$ 3,349,225
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	$ 643,027	$ -	$ -	$ 643,027
Due to related party	48,000	-	(48,000)	-
Deferred income	851,653	-	-	851,653
Refundable advances	590,900	-	-	590,900
Security deposits payable	2,194	-	-	2,194
Mortgage payable, net	358,277	-	-	358,277
Total liabilities	2,494,051	-	(48,000)	2,446,051
Commitments and contingencies (Notes 7, 9, 10 and 11)				
Net assets without donor restrictions	177,861	725,313	-	903,174
TOTAL LIABILITIES AND NET ASSETS	$ 2,671,912	$ 725,313	$ (48,000)	$ 3,349,225

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Jewish Family & Children's Services of Northern New Jersey, Inc.			Jewish Family Service Foundation, Inc.		
		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Eliminations	Consolidated Total
Public support and other revenue:							
Public support:							
Jewish Federation of Northern New Jersey		$ 855,186	$ -	$ 855,186	$ -	$ -	$ 855,186
Grant income		3,290,752	-	3,290,752	-	-	3,290,752
Contributions		424,534	-	424,534	-	-	424,534
Fundraising events revenue:							
Fundraising events	$ 586,799						
Less: direct costs	140,054						
Net fundraising events revenue		446,745	-	446,745	-	-	446,745
Total public support		5,017,217	-	5,017,217	-	-	5,017,217
Other revenue:							
Counseling fees		569,592	-	569,592	-	-	569,592
Program fees - school-based services		1,272,158	-	1,272,158	-	-	1,272,158
Other program fees		97,834	-	97,834	-	-	97,834
Rental income (loss):							
Rental income	$ 14,400						
Less: rental expenses	29,827						
Net rental loss		(15,427)	-	(15,427)	-	-	(15,427)
Investment income (loss)		2,557	-	2,557	(16,666)	-	(14,109)
Other		6,699	-	6,699	-	-	6,699
Total other revenue		1,933,413	-	1,933,413	(16,666)	-	1,916,747
Total public support and other revenue		6,950,630	-	6,950,630	(16,666)	-	6,933,964
Expenses:							
Program services:							
Family counseling		1,003,224	-	1,003,224	-	-	1,003,224
Senior adults		3,416,996	-	3,416,996	-	-	3,416,996
Adult case management		286,093	-	286,093	-	-	286,093
School-based services		1,090,635	-	1,090,635	-	-	1,090,635
Community social work		123,847	-	123,847	-	-	123,847
Total program services		5,920,795	-	5,920,795	-	-	5,920,795
Supporting services:							
Management and general		852,728	-	852,728	-	-	852,728
Fundraising		614,992	-	614,992	-	-	614,992
Total supporting services		1,467,720	-	1,467,720	-	-	1,467,720
Total expenses		7,388,515	-	7,388,515	-	-	7,388,515
Change in net assets		(437,885)	-	(437,885)	(16,666)	-	(454,551)
Net assets - beginning		615,746	-	615,746	741,979	-	1,357,725
NET ASSETS - ENDING		$ 177,861	$ -	$ 177,861	$ 725,313	$ -	$ 903,174

See accompanying notes to consolidating and consolidated financial statements.

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC. AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services					
	Family Counseling	Senior Adults	Adult Case Management	School-Based Services	Community Social Work	Program Services Total	Management and General	Fund-raising	Direct Cost of Fund-raising Events	Rental Expenses	Supporting Services Total	Grand Total
Personnel costs:												
Salaries	$ 418,695	$ 584,209	$ 149,492	$ 661,015	$ 100,763	$ 1,914,174	$ 444,957	$ 377,579	$ -	$ -	$ 822,536	$ 2,736,710
Payroll taxes and employee benefits	57,465	97,150	22,397	86,822	11,586	275,420	76,076	101,131	-	-	177,207	452,627
Total personnel costs	476,160	681,359	171,889	747,837	112,349	2,189,594	521,033	478,710	-	-	999,743	3,189,337
Other expenses:												
Professional, counseling and staffing fees	465,410	2,313,724	4,264	152,318	-	2,935,716	71,955	51,543	-	-	123,498	3,059,214
Accounting and other fees	1,435	-	-	3,619	-	5,054	87,164	1,950	-	-	89,114	94,168
Supplies	759	2,784	1,001	7,421	128	12,093	23,139	2,989	3,186	-	29,314	41,407
Assistance to individuals	2,200	43,717	67,240	-	-	113,157	3,816	-	-	-	3,816	116,973
Staff travel and development	3,639	31,812	902	2,297	1,029	39,679	1,913	336	-	-	2,249	41,928
Telephone	650	874	437	6,577	-	8,538	18,577	48	-	-	18,625	27,163
Postage and shipping	-	1,359	5	121	-	1,485	1,746	2,990	-	-	4,736	6,221
Minor equipment	929	2,027	2,093	1,954	-	7,003	21,086	2,086	-	166	23,338	30,341
Printing and design	-	-	-	-	-	-	65	10,336	4,500	-	14,901	14,901
Advertising and public relations	1,026	-	416	-	-	1,442	3,452	27,561	26,378	-	57,391	58,833
Food and venue	149	27,217	19,427	61,547	-	108,340	5,493	1,040	105,990	-	112,523	220,863
Food - KMOW	-	241,390	-	-	-	241,390	-	-	-	-	-	241,390
Dues and conferences	1,058	1,344	41	720	-	3,163	13,624	3,258	-	-	16,882	20,045
Rent and occupancy	24,491	42,423	8,744	93,137	5,894	174,689	26,041	22,086	-	7,719	55,846	230,535
Bad debt expense	-	2,401	-	-	-	2,401	-	-	-	-	-	2,401
Insurance	7,574	10,314	4,010	6,238	1,671	29,807	11,617	1,783	-	1,782	15,182	44,989
Interest	-	-	-	-	-	-	3,200	-	-	15,835	19,035	19,035
Depreciation	15,214	14,251	5,146	6,849	2,776	44,236	37,959	7,495	-	4,325	49,779	94,015
Miscellaneous	2,530	-	478	-	-	3,008	848	781	-	-	1,629	4,637
Total other expenses	527,064	2,735,637	114,204	342,798	11,498	3,731,201	331,695	136,282	140,054	29,827	637,858	4,369,059
TOTAL EXPENSES	1,003,224	3,416,996	286,093	1,090,635	123,847	5,920,795	852,728	614,992	140,054	29,827	1,637,601	7,558,396
Less: expenses deducted directly from revenues on the consolidating statement of activities:												
Direct cost of fundraising events	-	-	-	-	-	-	-	-	140,054	-	140,054	140,054
Rental expenses	-	-	-	-	-	-	-	-	-	29,827	29,827	29,827
Total expenses reported by function on the consolidating statement of activities	$ 1,003,224	$ 3,416,996	$ 286,093	$ 1,090,635	$ 123,847	$ 5,920,795	$ 852,728	$ 614,992	$ -	$ -	$ 1,467,720	$ 7,388,515

JEWISH FAMILY & CHILDREN'S SERVICES OF NORTHERN NEW JERSEY, INC.
AND
JEWISH FAMILY SERVICE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	$ (454,551)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated securities	12,542
Bad debt expense	2,401
Depreciation	94,015
Amortization of deferred financing costs	786
Changes in assets and liabilities:	
Accounts receivable	442,067
Prepaid expenses and other assets	(14,058)
Accounts payable and accrued expenses	114,247
Deferred income	263,260
Net cash provided by operating activities	460,709
Cash flows from investing activities:	
Proceeds from sale of investments	20,974
Purchases of investments	(1,264)
Purchase of fixed assets	(4,006)
Net cash provided by investing activities	15,704
Cash flows from financing activities:	
Principal payments of mortgage payable	(13,941)
Proceeds from refundable advances	590,900
Net cash provided by financing activities	576,959
Net increase in cash and cash equivalents	1,053,372
Cash and cash equivalents - beginning	295,428
CASH AND CASH EQUIVALENTS - ENDING	$ 1,348,800
Supplemental disclosure of cash flow information:	
Interest paid	$ 15,835

NOTE 1. NATURE OF ORGANIZATION

Jewish Family Services, Inc. ("JFS") was organized on December 4, 1978. Effective January 1, 2017, Jewish Family Service of North Jersey, Inc., with offices in Fair Lawn and Wayne, merged with JFS, which is the surviving organization, to form Jewish Family and Children's Services of Northern New Jersey, Inc. ("JFCSNNJ").

Jewish Family Service Foundation, Inc. ("JFSF") was organized in 2009 as a not-for-profit organization under the laws of the state of New Jersey and began operations in 2012 with the sole purpose of raising funds to support JFCSNNJ.

The JFCSNNJ mission statement reads:

> Based on Jewish tradition and values, JFCSNNJ's mission is to strengthen and enhance the well-being of all who call upon us by providing professional and compassionate human services to effectively meet life's many challenges.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidating and consolidated financial statements include the accounts of JFCSNNJ and JFSF (collectively referred to as the "Organization"). The financial statements have been consolidated because JFCSNNJ maintains an economic interest in and control of JFSF through common board membership and the ability to elect JFSF board members. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial statement presentation

The accompanying consolidating and consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating and consolidated statement of activities as net assets released from restrictions. At June 30, 2020, there were no net assets with donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncement

Contributions
In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective July 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's consolidating and consolidated financial statements and related disclosures.

Recently issued but not yet effective accounting pronouncements

Revenue recognition
In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance, when it becomes effective. The Organization is currently completing its initial assessment and evaluation of the impact that ASU 2014-09 will have on its consolidating and consolidated financial statements and related disclosures. The Organization expects, at a minimum, that the adoption will result in expanded disclosures that will enable users to better understand the nature, amount, timing, and uncertainty, if any, of revenues and cash flows arising from contracts with customers.

Leases
In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period consolidating and consolidated financial statements and recognizing any cumulative effect adjustment to the opening balance sheet.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements (continued)

Leases (continued)
In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* ("ASU 2020-05"). ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effects that ASU 2016-02 will have on its consolidating and consolidated financial statements and related disclosures.

Use of estimates
The preparation of consolidating and consolidated financial statements in conformity with U.S. GAAP 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 consolidating and consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses
The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidating and consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management. Program services include costs directly associated with providing family counseling, including weekly outpatient therapy for family members facing various challenges; senior services, including in-home assessments, care management, Kosher Meals-on-Wheels, caregiver support and emergency assistance for seniors and their caregivers; other services, including information and referral, food pantry, emergency assistance and case management; after-school programming in various school districts; outreach and needs assessment, as well as group programming in the community; and camp scholarships offered as a component of treatment or service goals. Management and general expenses include costs indirectly related to the Organization's purpose or mission, such as back-office accounting and office and personnel administration. Fundraising expenses include costs incurred in connection with solicitation activities undertaken by the Organization. Rental expenses include costs incurred related to maintenance and ownership of properties owned by the Organization and rented to other parties.

The expenses that are allocated include the following:

Expense	Method of Allocation
Depreciation	Square footage occupied
Office expenses	Directly charged
Professional fees	Directly charged
Rent	Square footage occupied
Salaries and employee benefits	Time and effort
Travel and entertainment	Directly charged
Utilities	Square footage occupied

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Fair value measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB 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.

Level 2 - inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, 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.

Donations-in-kind

Donations of noncash assets are recorded at their fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, are recorded at their fair values in the period received.

Accounts receivable

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. On a periodic basis, management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2020, there was no allowance for doubtful accounts for accounts receivable.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the consolidating statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

Property and equipment

Property and equipment are stated at cost if acquired or at their fair values at the date of donation. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets with a cost of $5,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from five to 10 years for furniture and equipment and 10 to 30 years for building and improvements. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Revenue and support recognition

The Organization derives revenue and support primarily from grants, contributions, and program and counseling fees.

Contributions, including beneficial interests in remainder trusts, are recognized as revenue when they are unconditionally promised. Conditional promises to give are recognized as contributions when substantially all conditions are met. All other donor-restricted contributions are reported as increases in "Net assets with donor restrictions." When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statement of activities as "Net assets released from restrictions."

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Special event income is recognized when the event has taken place.

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Advances from grantor agencies prior to the Organization's expenditures are reflected on the accompanying consolidating statement of financial position as "Deferred income."

Revenue generated from program and counseling fees is recognized when such services are rendered.

Advertising

Advertising costs are expensed as incurred and aggregated $32,455 for the year ended June 30, 2020.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred financing costs

Deferred financing costs are recorded at cost and are amortized using the straight-line method, which approximates the effective interest method, over the terms of the respective loan. Amortization of loan fees amounted to $786 for the year ended June 30, 2020, and is included in "Management and general" on the accompanying consolidating statement of activities. The corresponding mortgage payable is shown net of unamortized loan cost at June 30, 2020.

Income taxes

JFCSNNJ and JFSF qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code (the "IRC"). As a not-for-profit entity, the Organization is subject to unrelated business income tax, if applicable.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the accompanying consolidating and consolidated financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through January 11, 2021, the date on which these consolidating and consolidated financial statements were available to be issued. Except as disclosed in Note 9, there were no material subsequent events that required recognition or additional disclosure in these consolidating and consolidated financial statements.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances with financial institutions which were routinely in excess of federal insurance limits during the year ended June 30, 2020. The Organization has not experienced any losses in these accounts, and management does not believe the Organization is exposed to any significant credit risks with respect to cash.

Revenue from the after school program accounted for 18% of total public support and other revenue during the year ended June 30, 2020.

Revenue from Jewish Federation of Northern New Jersey ("JFNNJ") accounted for 12% of total public support and other revenue during the year ended June 30, 2020.

Revenue from Conference on Jewish Material Claims Against Germany, Inc. accounted for 36% of total public support and other revenue during the year ended June 30, 2020.

Additionally, Medicare and Medicaid accounted for 41% of total accounts receivable at June 30, 2020. Jewish Federation grant, NJ Holocaust grant and Claims Conference grant accounted for 14%, 18% and 11%, respectively, of total accounts receivable at June 30, 2020

NOTE 4. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost); and

c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table presents the investments measured at fair value by level at June 30, 2020:

Description	Total at June 30, 2020	Level 1	Level 2	Level 3	Valuation Technique
Assets in fair value hierarchy:					
Money market funds	$ 102,641	$ 102,641	$ -	$ -	(a)
Total investments in fair value hierarchy	102,641	$ 102,641	$ -	$ -	
Investments measured at net asset value *	535,620				
Total investments at fair value	$ 638,261				

* Pooled investment account

The following is a description of the valuation methodology used for assets measured at fair value:

Money market funds - the carrying value approximates fair value because the instruments are liquid in nature.

The method 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 those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

Net asset value per share

	Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
JFNNJ - Pooled Investment Account at June 30, 2020	$ 535,620	$ -	Monthly	None	30 days

The *JFNNJ pooled investment account* is valued at JFCSNNJ's share of the investments of the JFNNJ pooled investments as reported by JFNNJ and its investment managers and advisors. The methods and procedures used to value these investments may include but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value, absent readily available market values.

NOTE 5. PROPERTY AND EQUIPMENT

The following is an analysis of property and equipment as of June 30, 2020:

	Cost	Accumulated Depreciation	Net
Land	$ 536,700	$ -	$ 536,700
Building and improvements	1,109,087	(717,301)	391,786
Software	130,950	(35,466)	95,484
Furniture and equipment	184,790	(157,936)	26,854
	$ 1,961,527	$ (910,703)	$ 1,050,824

Depreciation and amortization expense for the year ended June 30, 2020, was $94,015.

NOTE 6. LIQUIDITY AND AVAILABILITY

The Organization typically receives grants and contracts with donor restrictions and contributions without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose restrictions. Typically, restrictions are released during the year received.

The table below presents financial assets available for general expenditures within one year at June 30, 2020:

Financial assets at year end:	
Cash	$ 1,348,800
Investments	638,261
Accounts receivable	221,769
Financial assets available to meet general expenditures within one year	$ 2,208,830

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7. MORTGAGE PAYABLE

In September 2017, JFCSNNJ entered into a 10-year mortgage agreement with a financial institution in the amount of $400,000 which bears interest at the rate of 4.19% per annum. The loan is secured by the building located in Teaneck, New Jersey, and is due with a balloon principal payment of $243,818 on October 10, 2027 . A secured line of credit for a maximum amount of $250,000 was also granted to JFCSNNJ. Borrowings under this line of credit bear interest at the rate of Prime (3.25% at June 30, 2020) plus 1% per annum. There was no outstanding balance on this line of credit at June 30, 2020.

Principal payments due in each of the next five years and thereafter at June 30, 2020, are as follows:

Year ending June 30:	Amount
2021	$ 14,593
2022	15,222
2023	15,872
2024	16,520
2025	18,757
Thereafter	283,007
	363,971
Less: unamortized deferred financing costs	5,694
	$ 358,277

Interest expense amounted to $15,835 for the year ended June 30, 2020.

NOTE 8. EMPLOYEE SAVINGS PLAN

The Organization sponsors a 403(b) plan covering substantially all of its full-time employees. Under the plan, employees can elect to defer a percentage of their salary, subject to IRC limits, and the Organization may elect to make a discretionary contribution. The Organization made a discretionary contribution in the amount of $56,667 during the year ended June 30, 2020.

NOTE 9. COMMITMENTS

Leases

The Organization leases office space in Wayne, New Jersey. The lease was extended for five years beginning September 1, 2016, with an opt-out clause after three years with a six-month advance notice. In August 2019, the Organization cancelled its current Wayne lease and moved to a new Wayne location. The Organization also leases office space in Fair Lawn, New Jersey. The Fair Lawn lease was terminated effective August 1, 2020. In addition, the Organization leases school space in Fort Lee, Edgewater, Bayonne and Palisades Park, New Jersey, for school-based services. The leases are renewed annually with the respective school districts. Rent expense totaled $138,723 for the year ended June 30, 2020.

Future minimum rental lease payments at June 30, 2020, are as follows:

Year ending June 30:	Amount
2021	$ 47,900
2022	40,500
2023	6,000
	$ 94,400

The Organization leases copy machines. Equipment lease expense totaled $16,884 for the year ended June 30, 2020.

Future minimum equipment lease payments at June 30, 2020, are as follows:

Year ending June 30:	Amount
2021	$ 15,987
2022	4,590
	$ 20,577

NOTE 10. CONTINGENCIES

Revenue from cost-reimbursement grants is subject to audits and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying consolidating and consolidated financial statements.

NOTE 11. PAYCHECK PROTECTION PROGRAM

On April 28, 2020, the Organization received loan proceeds of $590,900 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP.

NOTE 11. PAYCHECK PROTECTION PROGRAM (CONTINUED)

At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness. The amount of loan forgiveness will be reduced by any amounts received by the Organization as an advance as part of the Economic Injury Disaster Loan program, made available through the Small Business Administration, that is ultimately converted to a grant.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

The Organization currently intends to use the proceeds for purposes consistent with the PPP; however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

NOTE 12. UNCERTAINTY

The COVID-19 outbreak in the United States has caused business disruption through mandated temporary closing of nonessential business. Economic uncertainties disrupted certain of the Organization’s operational activities. The Organization has cancelled after school care and school-based activities. As of the date the accompanying consolidating and consolidated financial statements are available to be issued, the Organization has not experienced a significant decline in grants, and its various revenue sources, however, given the uncertainty of this situation, the disruption to the Organization’s activities and the related financial impact cannot be reasonably estimated at this time.