

**JEWISH FAMILY SERVICE
OF DALLAS, INC.**

Financial Statements
(With Independent Auditor's Report Thereon)

**As of and For the Years Ended
July 31, 2021 and 2020**

JEWISH FAMILY SERVICE OF DALLAS, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jewish Family Service of Dallas, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of Dallas, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2021 and 2020 and the related statements of activities, cash flow 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. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of Dallas, Inc. as of July 31, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is 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 audits 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 December 14, 2021 on our consideration of Jewish Family Service of Dallas, 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 Service of Dallas, Inc.'s internal control over financial reporting and compliance.

STILL BURTON LLP



Farmers Branch, Texas
December 14, 2021

JEWISH FAMILY SERVICE OF DALLAS, INC.

Statements of Financial Position

July 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,217,038	\$ 4,221,904
Accounts, pledges, and grants receivable, net	1,393,739	1,362,778
Investments at Dallas Jewish Community Foundation	3,081,687	2,649,615
Beneficial interest	1,505,016	1,285,734
Inventory-resale shop	86,702	39,976
Prepaid expense and security deposits	104,281	149,212
Total current assets	<u>8,388,463</u>	<u>9,709,219</u>
NON-CURRENT ASSETS		
Property, plant, and equipment, net	3,072,585	2,958,310
Long term investment	1,000	1,000
Beneficial interest	1,245,748	1,124,035
Total non-current assets	<u>4,319,333</u>	<u>4,083,345</u>
TOTAL ASSETS	<u>\$ 12,707,796</u>	<u>\$ 13,792,564</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 351,066	\$ 406,294
Deferred revenue-EHAP advance	501,871	2,066,727
Paycheck Protection Program loan	-	1,061,800
Current portion of long-term debt	33,103	32,052
Total current liabilities	<u>886,040</u>	<u>3,566,873</u>
LONG-TERM DEBT, less current portion	<u>673,470</u>	<u>706,573</u>
Total liabilities	<u>1,559,510</u>	<u>4,273,446</u>
NET ASSETS		
Without donor restrictions	5,026,605	4,394,824
With donor restrictions	6,121,681	5,124,294
TOTAL NET ASSETS	<u>11,148,286</u>	<u>9,519,118</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,707,796</u>	<u>\$ 13,792,564</u>

See accompanying notes and independent auditor's report.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Statements of Activities

For the Year Ended July 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
Jewish Federation of Greater Dallas	\$ 734,559	\$ 152,130	\$ 886,689	\$ 734,559	\$ 124,515	\$ 859,074
United Way	4,666	483,000	487,666	23,681	483,000	506,681
Grants	115,500	6,090,192	6,205,692	268,301	2,840,321	3,108,622
Contributions	1,281,302	1,622,619	2,903,921	1,586,795	705,906	2,292,701
Contributions-in-kind	-	1,619,182	1,619,182	22,800	152,293	175,093
Forgiveness of PPP loan	1,061,800	-	1,061,800	-	-	-
Total public support	<u>3,197,827</u>	<u>9,967,123</u>	<u>13,164,950</u>	<u>2,636,136</u>	<u>4,306,035</u>	<u>6,942,171</u>
REVENUE						
Program service fees	778,746	75,421	854,167	592,748	10,411	603,159
Lifeline staff support	-	-	-	5,550	-	5,550
Fees from Jewish schools	128,223	-	128,223	131,720	-	131,720
Resale shop sales	472,089	-	472,089	458,661	-	458,661
Changes in net assets of Jewish Family Service of Greater Dallas Foundation	340,994	-	340,994	70,676	-	70,676
Realized gain and investment income, net	250,562	388,551	639,113	14,539	8,214	22,753
Unrealized (loss) gain on investments	(115,027)	(62,419)	(177,446)	4,757	23,982	28,739
Rental income	-	-	-	86,187	-	86,187
Miscellaneous (loss) income	(6,284)	-	(6,284)	103,166	-	103,166
Total revenue	<u>1,849,303</u>	<u>401,553</u>	<u>2,250,856</u>	<u>1,468,004</u>	<u>42,607</u>	<u>1,510,611</u>
CHANGES IN ASSET RESTRICTIONS:						
Released due to purpose expenditures	9,371,289	(9,371,289)	-	4,650,150	(4,650,150)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 14,418,419</u>	<u>\$ 997,387</u>	<u>\$ 15,415,806</u>	<u>\$ 8,754,290</u>	<u>\$ (301,508)</u>	<u>\$ 8,452,782</u>
EXPENSES						
Program services:						
Counseling/mental health	\$ 3,237,455	\$ -	\$ 3,237,455	\$ 3,224,496	\$ -	\$ 3,224,496
Emergency assistance/food pantry	5,812,785	-	5,812,785	1,009,276	-	1,009,276
Older adult	1,153,583	-	1,153,583	884,423	-	884,423
Volunteer services	102,392	-	102,392	90,985	-	90,985
Resale shops	363,893	-	363,893	493,084	-	493,084
Career and financial services	388,878	-	388,878	417,503	-	417,503
Total program services	<u>11,058,986</u>	<u>-</u>	<u>11,058,986</u>	<u>6,119,767</u>	<u>-</u>	<u>6,119,767</u>
Supporting services:						
Management and general	2,266,984	-	2,266,984	1,611,465	-	1,611,465
Fundraising	460,668	-	460,668	690,454	-	690,454
Total supporting services	<u>2,727,652</u>	<u>-</u>	<u>2,727,652</u>	<u>2,301,919</u>	<u>-</u>	<u>2,301,919</u>
TOTAL EXPENSES	<u>13,786,638</u>	<u>-</u>	<u>13,786,638</u>	<u>8,421,686</u>	<u>-</u>	<u>8,421,686</u>
Changes in net assets	631,781	997,387	1,629,168	332,604	(301,508)	31,096
Net assets, beginning of year	<u>4,394,824</u>	<u>5,124,294</u>	<u>9,519,118</u>	<u>4,062,220</u>	<u>5,425,802</u>	<u>9,488,022</u>
Net assets, end of year	<u>\$ 5,026,605</u>	<u>\$ 6,121,681</u>	<u>\$ 11,148,286</u>	<u>\$ 4,394,824</u>	<u>\$ 5,124,294</u>	<u>\$ 9,519,118</u>

See accompanying notes and independent auditor's report.

JEWISH FAMILY SERVICE OF DALLAS, INC.

Statements of Cash Flow

For the Years Ended July 31, 2021 and 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	2021	2020
Change in net assets	\$ 1,629,168	\$ 31,096
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	179,920	138,440
Realized and unrealized gains	(461,667)	(36,216)
Forgiveness of PPP loan	(1,061,800)	-
Change in beneficial interest in Jewish Family Service of Greater Dallas Foundation	(340,995)	(70,676)
(Increase) decrease in:		
Inventory	(46,726)	(125,267)
Accounts, pledges, and grants receivable	(30,961)	(213,455)
Prepaid expenses and security deposits	44,931	(34,971)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(55,228)	99,762
Deferred revenue-EHAP advance	-	2,066,727
Deferred revenue-grant advance	(1,564,856)	(122,650)
Net cash (used in) provided by operating activities	<u>(1,708,214)</u>	<u>1,732,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment sales (purchases)	29,595	(49,516)
Purchase of equipment	(294,195)	(571,303)
Net cash used in investing activities	<u>(264,600)</u>	<u>(620,819)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(32,052)	(16,375)
Borrowings on long-term debt	-	400,000
Proceeds from PPP Loan	-	1,061,800
Net cash (used in) provided by financing activities	<u>(32,052)</u>	<u>1,445,425</u>
Net (decrease) increase in cash and cash equivalents	(2,004,866)	2,557,396
Cash and cash equivalents at beginning of year	4,221,904	1,664,508
Cash and cash equivalents at end of year	<u>\$ 2,217,038</u>	<u>\$ 4,221,904</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 8,184</u>	<u>\$ 12,457</u>

See accompanying notes and independent auditor's report.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Statement of Functional Expense
For the Year Ended July 31, 2021
(With Comparative Totals for the Year Ended July 31, 2020)

	Program							Management and General	Fundraising	Total 2021	Comparative Totals for 2020
	Counseling/ Mental Health	Emergency Assistance Food Pantry	Older Adult	Volunteer Services	Resale Shops	Career and Financial Services	Total Program				
SALARIES AND RELATED BENEFITS											
Program salaries	\$ 2,310,132	\$ 258,541	\$ 715,490	\$ 79,140	\$ 177,750	\$ 330,308	\$ 3,871,361	\$ -	\$ -	\$ 3,871,361	\$ 3,106,259
Management/administrative salaries	-	-	-	-	-	-	-	992,643	302,091	1,294,734	1,007,564
Related benefits	324,208	35,152	98,390	16,295	27,766	55,198	557,009	252,452	52,015	861,476	1,198,788
Total salaries and related benefits	<u>2,634,340</u>	<u>293,693</u>	<u>813,880</u>	<u>95,435</u>	<u>205,516</u>	<u>385,506</u>	<u>4,428,370</u>	<u>1,245,095</u>	<u>354,106</u>	<u>6,027,571</u>	<u>5,312,611</u>
OTHER EXPENSES											
Specific assistance to individuals	279,866	5,117,552	326,764	-	-	2,813	5,726,995	100	-	5,727,095	1,320,205
Professional fees and contract payments	196,076	243,305	5,337	418	44,415	-	489,551	311,669	66,556	867,776	615,706
Occupancy	67,915	50,235	105	-	54,393	-	172,648	159,366	-	332,014	355,874
Other expenses (below \$20,000)	7,840	1,791	60	1,771	23,885	30	35,377	139,289	11,508	186,174	194,358
Special events	-	-	-	-	-	-	-	-	-	-	14,452
Equipment maintenance and rental	17,331	34,303	2,704	-	7,454	-	61,792	111,037	-	172,829	106,514
Supplies and hospitalities	7,270	8,657	(25)	4,783	5,691	29	26,405	44,788	2,320	73,513	135,960
Local transportation	870	1,981	853	-	12,956	-	16,660	162	-	16,822	27,908
Telephone	5,961	-	-	-	1,381	-	7,342	55,424	-	62,766	59,227
Postage, promotional, printing and publicatio	5,478	123	2,488	-	1,951	500	10,540	8,640	20,817	39,997	73,179
Dues	5,709	1,816	467	(45)	120	-	8,067	28,062	300	36,429	14,338
Subscriptions and publications	2,851	2,542	570	30	3,873	-	9,866	34,549	5,061	49,476	22,792
Conferences, conventions and meetings	(2,625)	-	380	-	-	-	(2,245)	8,317	-	6,072	17,665
Total expenses other than salaries and related expenses	<u>594,542</u>	<u>5,462,305</u>	<u>339,703</u>	<u>6,957</u>	<u>156,119</u>	<u>3,372</u>	<u>6,562,998</u>	<u>901,403</u>	<u>106,562</u>	<u>7,570,963</u>	<u>2,958,178</u>
TOTAL EXPENSES BEFORE DEPRECIATION AND INTEREST	<u>3,228,882</u>	<u>5,755,998</u>	<u>1,153,583</u>	<u>102,392</u>	<u>361,635</u>	<u>388,878</u>	<u>10,991,368</u>	<u>2,146,498</u>	<u>460,668</u>	<u>13,598,534</u>	<u>8,270,789</u>
Depreciation	8,573	56,787	-	-	2,258	-	67,618	112,302	-	179,920	138,440
Interest	-	-	-	-	-	-	-	8,184	-	8,184	12,457
Total depreciation and interest	<u>8,573</u>	<u>56,787</u>	<u>-</u>	<u>-</u>	<u>2,258</u>	<u>-</u>	<u>67,618</u>	<u>120,486</u>	<u>-</u>	<u>188,104</u>	<u>150,897</u>
TOTAL EXPENSES 2021	<u>\$ 3,237,455</u>	<u>\$ 5,812,785</u>	<u>\$ 1,153,583</u>	<u>\$ 102,392</u>	<u>\$ 363,893</u>	<u>\$ 388,878</u>	<u>\$ 11,058,986</u>	<u>\$ 2,266,984</u>	<u>\$ 460,668</u>	<u>\$ 13,786,638</u>	
TOTAL EXPENSES 2020	<u>\$ 3,224,496</u>	<u>\$ 1,009,276</u>	<u>\$ 884,423</u>	<u>\$ 90,985</u>	<u>\$ 493,084</u>	<u>\$ 417,503</u>	<u>\$ 6,119,767</u>	<u>\$ 1,611,465</u>	<u>\$ 690,454</u>		<u>\$ 8,421,686</u>

See accompanying notes and independent auditor's report.

JEWISH FAMILY SERVICE OF DALLAS, INC.

Statement of Functional Expense

For the Year Ended July 31, 2020

	Program						Total Program	Management and General	Fundraising	Total
	Counseling/ Mental Health	Emergency Assistance Food Pantry	Older Adult	Volunteer Services	Resale Shops	Career and Financial Services				
SALARIES AND RELATED BENEFITS										
Program salaries	\$ 1,914,898	\$ 162,246	\$ 502,534	\$ 58,999	\$ 196,007	\$ 271,575	\$ 3,106,259	\$ -	\$ -	\$ 3,106,259
Management/administrative salaries	-	-	-	-	-	-	-	599,949	407,615	1,007,564
Related benefits	566,089	42,614	140,483	16,879	53,340	74,894	894,299	173,365	131,124	1,198,788
Total salaries and related benefits	<u>2,480,987</u>	<u>204,860</u>	<u>643,017</u>	<u>75,878</u>	<u>249,347</u>	<u>346,469</u>	<u>4,000,558</u>	<u>773,314</u>	<u>538,739</u>	<u>5,312,611</u>
OTHER EXPENSES										
Specific assistance to individuals	357,501	673,828	220,326	5,247	376	62,152	1,319,430	775	-	1,320,205
Professional fees and contract payments	189,172	53,572	5,978	-	39,432	1,019	289,173	261,282	65,251	615,706
Occupancy	65,525	11,309	-	-	64,938	-	141,772	214,102	-	355,874
Other expenses (below \$20,000)	30,223	14,657	1,262	2,233	12,801	2,077	63,253	101,082	30,023	194,358
Special events	9,153	2,446	264	948	332	-	13,143	8	1,301	14,452
Equipment maintenance and rental	29,128	5,689	4,745	-	6,900	4,935	51,397	53,893	1,224	106,514
Supplies and hospitalities	6,128	10,428	3,646	1,356	65,270	678	87,506	46,061	2,393	135,960
Local transportation	26,653	-	-	-	-	-	26,653	1,255	-	27,908
Telephone	8,473	2,129	-	-	14,430	-	25,032	33,785	410	59,227
Postage, promotional, printing and publicatio	12,462	950	-	567	8,184	-	22,163	9,716	41,300	73,179
Dues	50	400	-	220	120	-	790	12,948	600	14,338
Subscriptions and publications	10,520	-	175	4,083	589	69	15,436	817	6,539	22,792
Conferences, conventions and meetings	(16,348)	3,537	5,010	453	21,735	104	14,491	500	2,674	17,665
Total expenses other than salaries and related expenses	<u>728,640</u>	<u>778,945</u>	<u>241,406</u>	<u>15,107</u>	<u>235,107</u>	<u>71,034</u>	<u>2,070,239</u>	<u>736,224</u>	<u>151,715</u>	<u>2,958,178</u>
TOTAL EXPENSES BEFORE DEPRECIATION AND INTEREST	<u>3,209,627</u>	<u>983,805</u>	<u>884,423</u>	<u>90,985</u>	<u>484,454</u>	<u>417,503</u>	<u>6,070,797</u>	<u>1,509,538</u>	<u>690,454</u>	<u>8,270,789</u>
Depreciation	14,869	25,471	-	-	8,630	-	48,970	89,470	-	138,440
Interest	-	-	-	-	-	-	-	12,457	-	12,457
Total depreciation and interest	<u>14,869</u>	<u>25,471</u>	<u>-</u>	<u>-</u>	<u>8,630</u>	<u>-</u>	<u>48,970</u>	<u>101,927</u>	<u>-</u>	<u>150,897</u>
TOTAL EXPENSES	<u>\$ 3,224,496</u>	<u>\$ 1,009,276</u>	<u>\$ 884,423</u>	<u>\$ 90,985</u>	<u>\$ 493,084</u>	<u>\$ 417,503</u>	<u>\$ 6,119,767</u>	<u>\$ 1,611,465</u>	<u>\$ 690,454</u>	<u>\$ 8,421,686</u>

See accompanying notes and independent auditor's report.

JEWISH FAMILY SERVICE OF DALLAS, INC.

Notes to the Financial Statements

July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Basis of Organization

Jewish Family Service of Dallas, Inc. (the Organization) is a nonsectarian mental health and social services agency incorporated in 1984 as a Texas non-profit organization. Their mission is to provide effective, accessible, and comprehensive mental health and social services that promote lifelong self-sufficiency and well-being for the Greater Dallas, Texas community.

Founded in 1950, the Organization has an open door to those in need regardless of age, race, religion, or ability to pay. The Organization's unique strength is its ability to holistically meet the needs of each of our clients through a wide spectrum of wraparound specialized professional services all under one roof including: mental health for children and adults, psychiatric services, addiction management, older adult programs and services, career and financial services, and basic needs.

These programs are funded mainly through contributions from individuals, the Jewish Federation of Greater Dallas, United Way, and private and federal grants. JFS Thrift Store, LLC is a wholly owned entity of the Organization used for the operation of their thrift store and is included in the Organization's financial statements.

The Organization has been awarded a 4-star rating by Charity Navigator for 9 years in a row in recognition of the agency's ability to effectively manage and grow its resources and to execute its mission in an exemplary fiscal manner. The Organization is nationally accredited for social and mental health services by the Council on Accreditation and was recently reaccredited for another four years.

Summary of Significant Accounting Policies

The summary of significant accounting policies of the Organization is presented to assist in understanding the accompanying financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

(a) Basis of Presentation and Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP), consistently applied.

(b) Net Asset Classification - The Organization classifies its net assets into two categories as follows:

Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These may be used for any purpose or designated for specific purposes by action of the Board of Directors.

With Donor Restrictions – (1) Net assets which are subject to donor-imposed purpose restrictions or which expire by the passage of time (formerly called temporarily-restricted). (2) Net assets subject to donor-imposed stipulations that the corpus be maintained permanently (formerly called permanently-restricted). Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. These are often referred to as endowments.

JEWISH FAMILY SERVICE OF DALLAS, INC.

Notes to the Financial Statements - Continued

July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies - Continued

(b) Net Asset Classification (Continued) - the Organization has determined that the majority of its net assets do not meet the definition of endowments under TUPMIFA. While not TUPMIFA-defined endowments, the donors intend for these funds to be permanent and the Organization manages them accordingly. Further references to “endowment”, “endowment fund”, or “endowed assets” in these notes relate to those intentions.

(c) Cash and Cash Equivalents – For the purposes of the statements of cash flows, the Organization considers all investments with original purchased maturities of three months or less to be cash equivalents.

(d) Accounts Receivable and Allowances for Doubtful Accounts - The Organization determines the allowance for doubtful accounts reserve by regularly evaluating client receivables, pledges receivables, and grant receivables for expected collectability.

(e) Investments at Dallas Jewish Community Foundation (DJCF) – Investments in equity and fixed income securities with readily determinable fair values are valued at quoted market prices. Investment income consists primarily of interest earned and realized or unrealized gains (losses) from investment accounts. Unless the donor restricted the use of investment income, such income is reported as without donor restricted activity. The change in fair value between years is reflected in the statement of activities in the year of the change as unrealized gain (loss) on investments.

(f) Beneficial Interest – The Organization is affiliated with Jewish Family Service of Greater Dallas Foundation (the Foundation, JFSF), a supporting organization which exists for the benefit of the Organization. The Organization has an economic interest but not a direct voting interest in the Foundation. Therefore, although the Organization may elect to combine with the financial statements of the Foundation, they have instead chosen to record a beneficial interest in the net assets of the Foundation as permitted. The beneficial interest in the net assets of the Foundation will be increased or decreased on an annual basis by an amount equal to the net increase or decrease in the net assets of the Foundation. Summarized financial information of the Foundation for the years ended July 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 105,202	\$ 82,129
Rental income	69,000	69,000
Investment income	268,318	5,354
Management and general expenses	<u>(101,526)</u>	<u>(85,807)</u>
Change in net assets	<u>340,994</u>	<u>70,676</u>
Investments at DJCF	1,781,153	1,297,247
Real estate investment property, net	863,549	888,869
Cash and cash equivalents	101,329	211,986
Pledges receivable	<u>10,000</u>	<u>15,000</u>
Total assets	2,756,031	2,413,102
Total liabilities	<u>(5,267)</u>	<u>(3,333)</u>
Total net assets	<u>\$2,750,764</u>	<u>\$2,409,769</u>

JEWISH FAMILY SERVICE OF DALLAS, INC.

Notes to the Financial Statements - Continued

July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies - Continued

(g) Inventory – The Organization maintains an inventory of used clothing, household items, and furniture donated by others within its resale stores. The value of the donated inventory is stated at its estimated fair value.

(h) Property and Equipment - Property and equipment are carried at acquisition cost or the estimated fair value of donated assets. The Organization capitalizes expenditures for property and equipment in excess of \$1,500. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	3 to 39 years
Furniture, fixtures, and equipment	3 to 10 years
Computer equipment and software	3 to 5 years
Vehicles	5 years

(i) Long-Lived Assets - Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Organization compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of the assets and is recorded in the period in which the determination was made. No indicators of impairment existed at July 31, 2021 and 2020.

(j) Deferred Revenue – Deferred revenue includes fees collected in advance of service and is recognized in subsequent periods when the corresponding time has passed, programs are conducted, or expenses are incurred.

(k) Revenue Recognition – Contributions received, including unconditional promises to give (pledges), are recorded as without donor restrictions or with donor restrictions in the period received, depending on the existence and/or nature of any donor restrictions. Conditional pledges are recognized as the conditions upon which they depend are substantially met. Pledges are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Restricted contributions whose restrictions are met in the same year received are recorded as unrestricted contributions. Revenues are reported as increases in without donor restricted net assets unless use of the related assets is limited by donor-imposed restrictions. Once the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, restricted revenues are reclassified from with donor restrictions to without donor restrictions.

Grants are recognized as revenue when awarded based on the terms of the grant.

Program service fees are recognized as revenue when the service is performed. Contributions in-kind are recorded for food and various other contributed items that meet the required GAAP criteria for recognition and are recorded at estimated fair value on the date of the donation.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies - Continued

- (k) Revenue Recognition (Continued)** - Volunteers contribute significant amounts of time to the Organization's program services, administration, fundraising and development activities; however, the financial statements do not reflect a significant portion of the value of these contributed services and the related in-kind expense (estimated at approximately 13,518 hours at \$25.47 per hour = \$344,303 for the year ended July 31, 2021 (and estimated at approximately 11,709 hours at \$25.47 per hour = \$298,228 for the year ended July 31, 2020) because they do not meet recognition criteria prescribed by GAAP. In-kind volunteer service and related expense of approximately \$25,000 and \$22,000 which do meet GAAP recognition criteria were recorded for the years ended July 31, 2021 and 2020, respectively.
- (l) Use of Estimates** - The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include useful lives of fixed assets, valuation of donated inventory, valuation of the reserve for uncollectible receivables, valuation of investments, and the functional allocation of expenses.
- (m) Functional Allocation of Expenses** - Expenses have been summarized on a functional basis and allocated in the statement of activities. Accordingly, the majority of costs among program services are activities that result in goods and services being distributed to clients that fulfill the purpose and mission of the Organization and are a result of direct conduct or direct supervision. The other costs among program services are allocated by number of employees in the program on a pro-rata basis. All remaining costs are for supporting activities and are allocated between fundraising and management & general expenses.
- (n) Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is, however, potentially subject to tax on unrelated business income under Section 511(a) of the Code. For the year ended July 31, 2020, the Organization received rental income from debt-financed property that is reported as unrelated business income. There was no rental income for the year ended July 31, 2021. Taxes on unrelated business activities are insignificant. Accordingly, no provision for federal income taxes for either year has been made.

The Organization is classified as other than a private foundation. The Organization is also exempt from the Texas gross margin tax.

The Organization regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Organization to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations. The Organization is generally no longer subject to tax examinations relating to US federal tax returns for three prior years from the date of filings.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies - Continued

- (o) **Concentration of Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. At times, the Organization had cash and cash equivalents on deposit with financial institutions and brokerages that exceeded federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position.

- (p) **Accounting Pronouncements** - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, **Revenue from Contracts with Customers**, a converged standard on revenue recognition between the FASB and International Accounting Standards Board. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts to improve comparability within and across industries. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. FASB deferred the effective date for fiscal years beginning after December 15, 2019 for non-profit entities. During the Organization's fiscal year ended July 31, 2021, this ASU was implemented with no material impact to the financial statements.

In June 2018, the FASB issued ASU 2018-08, **Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made**. This update clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. The ASU is effective for years beginning after December 15, 2019. During the Organization's fiscal year ended July 31, 2021, this ASU was implemented with no material impact to the financial statements.

In February 2016, the FASB issued ASU 2016-02, **Leases (Topic 842)**. This ASU requires a lessee to recognize on its balance sheet a right-of-use asset and a lease liability under most operating leases. For private companies and not-for-profit entities, the ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of July 31, 2021. Implementation will be required for the Organization's fiscal year ended July 31, 2023. Management is currently evaluating any impact on its financial statements.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies-Continued

(p) Accounting Pronouncements (Continued) – In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity’s programs and other activities. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of July 31, 2021. Therefore, for the Organization the ASU is effective for the year ended July 31, 2022. Management is currently evaluating impact, if any, on its financial statements.

2. Liquidity

The Organization’s financial assets available within one year of the fiscal year end date for general expenditures are as follows for the years ended July 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,217,038	\$ 4,221,904
Accounts, pledges and grants receivable, net	1,393,739	1,362,778
Investments at DJCF	3,081,687	2,649,615
Beneficial interest in net assets of the Foundation	<u>1,505,016</u>	<u>1,285,734</u>
Financial assets available at year end	8,197,480	9,520,031
Less those unavailable for general expenditures within one year, due to:		
Time or purpose restrictions	(4,808,348)	(3,852,322)
EHAP purpose restriction	(501,871)	(2,066,727)
Perpetual endowment restrictions	(1,313,333)	(1,191,620)
Board designations	<u>(1,389,765)</u>	<u>(2,462,890)</u>
Financial assets available to meet cash needs for general expenditures within one year	184,163	(53,528)
Additional assets available for program and operations		
Assets for which board designation can be lifted:		
Operating reserve fund	1,000,000	777,000
Contingency reserve fund	-	1,276,018
Building reserve fund	<u>389,765</u>	<u>409,872</u>
Total assets available to cover program and operations	<u>\$ 1,573,928</u>	<u>\$ 2,409,362</u>

Effective during the year ended July 31, 2021, the Board removed the designation for the contingency reserve fund. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

3. Property and Equipment

Property and equipment is as follows at July 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,462,253	\$ 1,462,253
Building and improvements	2,098,386	2,024,583
Vehicle	152,023	152,023
Computer equipment and software	404,957	367,664
Furniture and equipment	300,596	287,363
Construction in progress	169,866	-
	<u>4,588,081</u>	<u>4,293,886</u>
Accumulated depreciation	<u>(1,515,496)</u>	<u>(1,335,576)</u>
	<u>\$ 3,072,585</u>	<u>\$ 2,958,310</u>

Depreciation expense totaled \$179,920 and \$138,440 for the years ended July 31, 2021 and 2020, respectively.

Construction in progress is for the food pantry remodel. At July 31, 2021, approximately \$265,000 remains committed to complete the project.

4. Accounts, Pledges, and Grants Receivable

Accounts, pledges, and grants receivable were as follows at July 31:

	<u>2021</u>	<u>2020</u>
Clients	\$ 419,016	\$ 306,996
Pledges	226,375	30,000
United Way	201,250	201,250
JFGD	183,640	229,980
Holocaust grant	148,568	63,126
Schools	145,088	64,475
Transitional housing	22,462	54,003
FEMA	-	75,000
Roseland	-	45,000
PLAN	-	44,222
AWARE	-	40,000
VOCA	28,334	35,968
Omni refund	-	37,500
EHAP	-	37,819
DAAA	-	21,219
Other (below \$20,000)	99,103	115,124
Allowance for doubtful accounts	<u>(80,097)</u>	<u>(38,904)</u>
	<u>\$1,393,739</u>	<u>\$1,362,778</u>

JEWISH FAMILY SERVICE OF DALLAS, INC.

Notes to the Financial Statements - Continued

July 31, 2021 and 2020

5. Investments

An independent advisory board within the Dallas Jewish Community Foundation (the DJCF) manages investment funds for the Organization. Investments held at the DJCF in collective investment trusts are stated at estimated fair value and are classified as current investments. Investments held at the DJCF were as follows at July 31:

	<u>2021</u>	<u>2020</u>
Equities	\$ 499,121	\$1,288,840
Bond/fixed income	164,295	445,572
Alternative investment	194,800	809,727
Stable value fund	2,173,013	-
Cash	50,458	105,476
	<u>\$3,081,687</u>	<u>\$2,649,615</u>

The following schedule summarizes the investment income (loss) net of fees and its classification in the statement of activities for the years ended July 31:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 52,552	\$ 98,514
Realized gain (loss)	605,306	(73,931)
Unrealized (loss) gain	(177,446)	28,739
Investment fees	(18,988)	(17,105)
Total DJCF	461,424	36,217
Interest-North Dallas Bank & Trust	243	15,275
	<u>\$461,667</u>	<u>\$ 51,492</u>

6. Fair Value of Financial Instruments

The carrying amount of cash, cash equivalents, receivables, accounts payable and accrued expenses, and deferred revenue approximate fair market value at July 31, 2021 and 2020 because of their relatively short maturity and market terms.

The Organization's financial statements are prepared in conformity with GAAP, which establishes a fair value hierarchy based on the observability of market prices used to measure fair value. Investments with readily available quoted prices in an active market or those for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified in one of the following categories:

Level 1 – the values are based on quoted prices readily available in active markets for identical investments.

Level 2 – the values are based on quoted prices in non-active markets for which all significant inputs are observable either directly or indirectly. Inputs may also include pricing models whose inputs are observable or derived principally from or corroborated by observable market data.

Level 3 – pricing inputs are unobservable and include situations where there is little, if any, market activity for these investments. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, current and projected operating performance and financing transactions subsequent to the acquisition of

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

6. Fair Value of Financial Instruments - Continued

the investment. The determination of fair value requires significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would be used if a ready market for these investments existed.

Following is a description of the valuation methodologies used for assets measured at fair value.

Collective investment trusts with DJCF: Valued at similar assets or liabilities in active markets-considered Level 2

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 of certain financial instruments could result in a different fair value measurement at the reporting date.

7. Lease Commitments

The Organization is obligated under leases for office equipment and building space. The leases include copiers, the JFS Thrift Store in Richardson, and office space for People Living Active Now (PLAN). Total rent expense under these leases was approximately \$127,000 and \$222,400 for the years ended July 31, 2021 and 2020, respectively.

Future minimum lease payments under operating leases at July 31:

2022	\$	123,898
2023		75,562
2024		67,305
2025		5,617
Total future minimum lease payments	\$	<u>272,382</u>

8. Related Parties

The Foundation was formed in 2010 as a Texas non-profit corporation and was funded in 2012. The Foundation was formed exclusively for the charitable purpose of making distributions to or for the Organization. No more than 30% of the board of the Foundation may be appointed to the Foundation by the Organization's board. The Foundation operates independently of the Organization. The Organization recorded a beneficial interest in the net assets of the Foundation of \$2,750,764 and \$2,409,770 as of July 31, 2021 and 2020, respectively. Distributions to the Organization are determined by the Foundation's Board of Directors and are recorded upon approval. A distribution of \$35,000 and \$30,000 was made to the Organization during the years ended July 31, 2021 and 2020, respectively. For the years ended July 31, 2021 and 2020, the Organization billed allocated administrative costs to the Foundation totaling \$20,000 and \$20,000, respectively.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

9. Long-Term Debt and Line of Credit

In February 2012, the Organization issued tax-exempt variable rate demand revenue bonds totaling \$425,000 through the Colorado Education and Cultural Facilities Authority (the Authority). Wells Fargo Bank, NA served as trustee for the account of the Authority. JP Morgan Securities served as the Remarketing agent, remarketing the bonds daily. JP Morgan Chase provided a letter of credit as credit enhancement for the bonds. The letter of credit had a maturity date of February 2021. In February 2021, these bonds (Instrument 1) were refinanced with North Dallas Bank and Trust, with interest at 2.9%. Debt service is due and payable annually, with interest (at 2.9%) paid monthly. The bonds amortize on an annual basis each February with the final payment due on February 1, 2028. Instrument 1 is secured by land, buildings and certain other assets of the Organization. Interest expense on long-term debt for the years ended July 31, 2021 and 2020 was \$8,184 and \$12,457, respectively.

In January 2020, the Organization, as landlord, terminated a lease agreement with Marquee Salons, Inc. (Marquee), tenant, in exchange for a \$400,000 note payable to Marquee (Instrument 2). Instrument 2 bears an interest rate of 6%, with payments of \$3,375 beginning July 2020 and maturing in June 2035. During the first 60 months of the note, the Organization may prepay the note subject to a pre-payment premium as defined in the loan agreement.

Long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
Instrument 1	\$325,000	\$340,000
Instrument 2	381,573	398,625
	\$706,573	\$738,625

Debt maturities are as follows for the years ending July 31:

2022	\$ 33,103
2023	34,220
2024	40,405
2025	46,664
2026	48,000
Thereafter	504,181
	\$706,573

The Organization obtained an unsecured, revolving line of credit of \$500,000 from North Dallas Bank and Trust (Bank) maturing January 31, 2022. Interest is due monthly and unpaid principal and interest are due at maturity. Interest accrues at the lesser of (a) the greater of: (i) the Prime Rate, or (ii) four percent (4.0%) or (b) the Maximum Rate (maximum non-usurious rate of interest under applicable Governmental Requirements of the State of Texas or applicable federal laws of the United States of America). The Organization also signed a Negative Pledge Agreement which states that the Organization agrees not to transfer or encumber certain real property without Bank's prior written consent. There is no outstanding balance on the line of credit as of July 31, 2021 or 2020.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

10. 403(b) Retirement Plan

The Organization sponsors a 403(b) defined contribution retirement plan (the Plan). The Plan authorizes employees to make pre-tax contributions to the Plan. Employees that have worked 1,000 hours and one year of service may be eligible to receive a matching contribution up to 50% of the first 6% of compensation contributed by each eligible participant at management's discretion annually. The Organization's contributions to the retirement plan totaled approximately \$72,500 and \$24,800 for the years ended July 31, 2021 and 2020, respectively.

11. Impact of COVID-19 and the Paycheck Protection Program Loan

During the spring of 2020, a worldwide pandemic related to COVID-19 virtually shut down the U.S. economy for several months. The Organization was able to continue operations, though the logistics were modified as needed for safety. The Organization converted their fundraising event from in-person to virtual, and temporarily closed the Richardson Resale Shop. The impact of COVID-19 created an increased emphasis and need for the Emergency Assistance/Food Pantry Program, in which the organization was able to partner with CARES Act Funding agencies, as well as increased support from North Texas Food Bank. The Organization obtained \$1,061,800 from the federal government's payroll protection program ("PPP") on April 16, 2020. On November 4, 2020 the entire balance of the PPP loan was forgiven by the federal government. The amount forgiven is shown as income on the statement of activities.

12. Net Assets Without Donor Restrictions-Board Designated

The Board of Directors has designated certain surplus funds for anticipated future capital cash flow needs of the building for any repairs not covered by operating income within the fiscal year. A fund is also set up for contingencies to be used at the discretion of the Organization's Board of Directors. Net assets without donor restrictions-board designated for the Organization are as follows at July 31:

	2021	2020
Building reserve fund	\$ 389,765	\$ 409,872
Operating reserve fund	1,000,000	777,000
Contingency reserve fund	-	1,276,018
	\$1,389,765	\$2,462,890

JEWISH FAMILY SERVICE OF DALLAS, INC.

Notes to the Financial Statements - Continued

July 31, 2021 and 2020

13. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows at July 31:

<u>Temporarily-restricted:</u>	<u>2021</u>	<u>2020</u>
PLAN Housing	\$2,166,208	\$1,847,125
Jewish Family Service of Greater Dallas Foundation	1,001,330	969,998
Food Pantry Expansion Project	573,976	-
Food Pantry Truck	74,107	127,312
Keep the Lights On	137,063	106,359
FEMA Phase CARES	11,864	100,000
Wolens Foundation	43,277	99,909
Federally-Qualified Health (FQHC)	21,127	69,376
Dallas Foundation AWARE Grant	28,073	63,068
Fichtenbaum Charitable Trust	-	52,436
Zale Financial Assistance	20,916	50,863
Carl B & Florence E King Foundation	-	50,000
FEMA Phase 37	-	50,000
Birk Fund	37,671	50,000
Woolf Fund	48,973	48,973
Rees-Jones Foundation	-	38,829
Tornado Relief	-	25,932
SN Center Without Walls	-	25,036
Fannie and Stephen Kahn Foundation	23,311	24,552
Priya Fund	17,920	20,800
Kosher Corner	22,904	10,571
Family Violence Grant-Texas Women's Foundation	30,000	-
JFGD EHAP	42,830	-
Winter Storm Relief	53,478	-
Frisco-EHAP	52,190	-
PLAN-NTBHA Peer Specialist	68,631	-
Julie Liberman Diaper Fund	22,080	-
Dream Big	125,600	-
Moody Foundation Grant	34,528	-
LEO-Bubbi Care Fund	82,332	-
Other (below \$20,000 both years)	67,959	101,535
Total temporarily-restricted	<u>4,808,348</u>	<u>3,932,674</u>
<u>Permanently-restricted:</u>		
Jewish Family Service of Greater Dallas Foundation	1,245,748	1,124,035
JFS Reserve endowment fund	64,644	64,644
S. Blumberg endowment fund	241	241
Pinker Family endowment fund	2,700	2,700
Total permanently-restricted	<u>1,313,333</u>	<u>1,191,620</u>
Total with donor restrictions	<u>\$6,121,681</u>	<u>\$5,124,294</u>

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

13. Net Assets With Donor Restrictions - Continued

Total released from with donor restricted net assets was \$9,371,289 and \$4,650,150 for the years ended July 31, 2021 and 2020, respectively.

Net assets with donor restrictions are restricted for the following purposes or periods as of July 31:

Subject to expenditure for specified purpose:	<u>2021</u>	<u>2020</u>
Counseling/mental health services	\$2,495,346	\$2,396,079
Older adult services	101,372	177,150
Emergency assistance and food pantry services	419,424	453,604
Career and financial services	90,654	16,195
Food pantry remodel	574,621	-
Scholarships	125,600	-
Beneficial interest in the Foundation-earnings	<u>1,001,331</u>	<u>889,646</u>
	<u>4,808,348</u>	<u>3,932,674</u>
Not subject to appropriation or expenditure:		
Beneficial interest in the Foundation-endowment	1,245,748	1,124,035
JFS reserve endowment	64,644	64,644
S. Blumberg endowment	241	241
Pinker family endowment	<u>2,700</u>	<u>2,700</u>
	<u>1,313,333</u>	<u>1,191,620</u>
Total net assets with donor restrictions	<u><u>\$6,121,681</u></u>	<u><u>\$5,124,294</u></u>

As required by GAAP, net assets associated with the endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted -permanently-restricted net assets:

1. The original value of the gift; and
2. The original value of subsequent gifts to the fund.

The earnings portion of the endowment fund is available to be appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization;
7. The investment policies of the Organization.

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to the Financial Statements - Continued
July 31, 2021 and 2020

13. Net Assets With Donor Restrictions - Continued

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is anticipated to maintain the purchasing power of the fund while assuming a moderate level of investment risk. To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk restraints.

The Organization has a policy of appropriating for distributions the net interest and dividends of its endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

The annual activity of net assets with donor restrictions for the years ended July 31 is as follows:

With Donor Restrictions

	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance July 31, 2019	\$ 4,232,739	\$1,193,063	\$5,425,802
Contributions and other income	4,277,966	-	4,277,966
Change in JFSF beneficial interest	72,119	(1,443)	70,676
Restriction released	<u>(4,650,150)</u>	<u>-</u>	<u>(4,650,150)</u>
Balance July 31, 2020	3,932,674	1,191,620	5,124,294
Contributions and other income	10,027,682	-	10,027,682
Change in JFSF beneficial interest	219,281	121,713	340,994
Restriction released	<u>(9,371,289)</u>	<u>-</u>	<u>(9,371,289)</u>
Balance July 31, 2021	<u>\$ 4,808,348</u>	<u>\$1,313,333</u>	<u>\$ 6,121,681</u>

14. Subsequent Events

Subsequent events were evaluated through December 14, 2021, which is the date of the last financial statements were available to be issued.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the *Uniform Guidance*

To the Board of Directors
Jewish Family Service of Dallas, Inc.:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Jewish Family Service of Dallas, Inc. (the Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended July 31, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended July 31, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STILL BURTON LLP

Still Burton LLP

Farmers Branch, Texas
December 14, 2021

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 Service of Dallas, 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 Service of Dallas, Inc. (the Organization), which comprise the statement of financial position as of July 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 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) to determine the 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 entity'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.

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 determination of financial statement amounts. 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*.

Still | Burton LLP

CERTIFIED PUBLIC ACCOUNTANTS

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 Jewish Family Service of Dallas, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STILL BURTON LLP

Still Burton LLP

Farmers Branch, Texas
December 14, 2021

JEWISH FAMILY SERVICE OF DALLAS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended July 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Justice passed through the Texas Office of the Governor-Criminal Justice Division:			
Family Safety and Justice Center: Adult and Children Services	16.575	2786704	\$ 414,621
Victims of Crime Act Formula Grant Program	16.575	3411002	<u>368,742</u>
		Sub-total 16.575	<u>783,363</u>
U.S. Department of Homeland Security			
The Emergency Food and Shelter National Board Program (EFSP)	97.024	N/A	88,136
The Emergency Food and Shelter National Board Program (EFSP) Phase 37	97.024	N/A	50,000
The Emergency Food and Shelter National Board Program (EFSP) Phase 38	97.024	782600-014	<u>15,294</u>
		Sub-total 97.024	<u>153,430</u>
U.S. Department of Treasury - CARES Act passed through:			
Collin County	21.019	N/A	1,624,006
Dallas County	21.019	N/A	635,236
City of Dallas/United Way	21.019	N/A	138,839
City of Frisco	21.019	N/A	<u>605,939</u>
		Sub-total 21.019	<u>3,004,020</u>
U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission:			
<u>Block Grants for Community Mental Health Services</u>			
Adult Mental Health Recovery Based Outreach Services-HHS000063200003	93.958	N/A	213,948
North Texas Behavioral Health Authority-MHX-21-008	93.958	N/A	<u>17,079</u>
		Sub-total 93.958	<u>231,027</u>
Total Federal Expenditures			<u><u>\$ 4,171,840</u></u>

JEWISH FAMILY SERVICE OF DALLAS, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended July 31, 2021

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the Schedule) includes the activity of all federal programs administered by Jewish Family Service of Dallas, Inc. (JFS). JFS' organization is defined in Note 1 of JFS' basic financial statements.

(b) Basis of Presentation

The Schedule presents total federal awards expended for each individual program in accordance with the *Uniform Guidance*.

(c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 1 of JFS' basic financial statements.

(2) Relationship to Federal Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of JFS' financial statements.

(3) Insurance Coverage

JFS carried all required insurance coverage during the grant period.

(4) Subrecipients

JFS made no payments to subrecipients during the year.

(5) Indirect Cost Rate

JFS is subject to negotiated indirect cost rates and, therefore, is not eligible to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*, section 414.

JEWISH FAMILY SERVICE OF DALLAS, INC.
 Schedule of Findings and Questioned Costs
 Year Ended July 31, 2021

Section I - Summary of Auditors' Results

A. Financial Statements

Type of auditor's report issued: **Unqualified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency identified that are not considered to be material weaknesses? **No**

Noncompliance material to financial statements noted? **No**

B. Federal Awards

Internal control over compliance:

- Material weakness(es) identified? **No**
- Significant deficiency identified that are not considered to be material weaknesses? **No**

Type of auditor's report issued on compliance for major federal program: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Subpart A §200.5 of the Uniform Guidance? **No**

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish programs: **\$750,000**

Auditee qualified as low-risk auditee: **Yes**

JEWISH FAMILY SERVICE OF DALLAS, INC.
Schedule of Findings and Questioned Costs - Continued
Year Ended July 31, 2021

Section II - Financial Statement Findings

None

Section III (A) – Federal Award Findings and Questioned Costs

None

Section IV (A) – Summary Schedule of Federal Prior Audit Findings

2020-01

- a. **CONDITION:** We noted lack of document retention for one \$159 expenditure charged to grants for 2020 (out of forty tested).
- b. **CRITERIA:** Supporting documentation was not easily accessible and alternative procedures had to be performed for the auditors to gain comfort over this expenditure.
- c. **CAUSE OF CONDITION:** The new staff was unable to locate the proper or correct files after the turnover of the accounting department during the current fiscal year.
- d. **POTENTIAL EFFECT OF CONDITION:** Potential rejection of future federal and state award funding for not meeting supporting reported expenditures.
- e. **RECOMMENDATION:** Create and follow a document retention policy for electronic and hard copies of all expenditures related to grants.
- f. **CLIENT RESPONSE:** Due to the 100% turnover of accounting staff documents became difficult to find. Prior and interim staff did not leave a consistent audit trail. The accounts payable procedures have been reviewed and updated to ensure proper compliance with record keeping and document retention. The procedures have been distributed to all accounting personnel and discussed at our weekly department meeting so all questions could be addressed.
- g. **AUDITOR EVALUATION:** Policies and procedures were updated in the current year, including one on document retention. The response remedied this prior year finding.