JEWISH FAMILY AND CHILDREN'S
SERVICE OF MINNEAPOLIS

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

For The Years Ended
December 31, 2021 and 2020

JEWISH FAMILY AND CHILDREN'S SERVICE OF MINNEAPOLIS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jewish Family and Children's Service of Minneapolis
Minneapolis, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Jewish Family and Children's Service of Minneapolis (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family and Children's Service of Minneapolis as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Jewish Family and Children's Service of Minneapolis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family and Children's Service of Minneapolis' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Jewish Family and Children's Service of Minneapolis' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family and Children's Service of Minneapolis' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

September 19, 2022

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CONSOLIDATED FINANCIAL STATEMENTS

JEWISH FAMILY AND CHILDREN'S SERVICE OF MINNEAPOLIS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION **Statement 1**
December 31, 2021 and 2020

	2021	2020
Current assets:		
Cash and cash equivalents	$4,185,414	$4,189,295
Accounts receivable, net	499,504	415,040
Grants receivable	708,208	569,490
Program loans receivable, net	7,655	18,766
Contributions receivable, net	1,327,033	1,580,130
Other receivables	13,163	9,614
Inventory	19,861	16,531
Prepaid expenses and other assets	164,180	131,506
Total current assets	6,925,018	6,930,372
Long-term assets:		
Investments	506,514	470,943
Beneficial interest in the net assets of the Minneapolis Jewish Federation	16,952,003	14,207,042
Contributions receivable, net of current portion	12,688,846	13,117,954
Beneficial interest in charitable remainder trust	-	118,192
Property and equipment, net of accumulated depreciation	9,967,347	10,183,376
Total long-term assets	40,114,710	38,097,507
Total assets	$47,039,728	$45,027,879
Current liabilities:		
Accounts payable	$229,855	$217,601
Accrued liabilities	329,229	294,231
Total current liabilities	559,084	511,832
Long-term liabilities:		
Deferred compensation	306,514	270,943
Funds held for others	150,000	150,000
Total long-term liabilities	456,514	420,943
Total liabilities	1,015,598	932,775
Net assets:		
Without donor restrictions	16,913,330	16,048,494
With donor restrictions	29,110,800	28,046,610
Total net assets	46,024,130	44,095,104
Total liabilities and net assets	$47,039,728	$45,027,879

The accompanying notes are an integral part of these consolidated financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF MINNEAPOLIS
CONSOLIDATED STATEMENTS OF ACTIVITIES **Statement 2**
For The Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Direct contributions	$657,944	$598,947	$1,256,891	$456,953	$826,833	$1,283,786
Indirect contributions	1,200	-	1,200	101,181	20,750	121,931
Government grants	2,673,750	-	2,673,750	3,317,360	-	3,317,360
Government agencies	1,103,721	-	1,103,721	956,921	-	956,921
Nongovernment grants	1,211,090	1,900,200	3,111,290	862,461	1,818,913	2,681,374
Paycheck Protection Program loan forgiveness	-	-	-	1,196,400	-	1,196,400
Special events, net	283,276	156,684	439,960	319,911	179,236	499,147
Total support	5,930,981	2,655,831	8,586,812	7,211,187	2,845,732	10,056,919
Revenue:						
Program related sales and fees	1,142,914	-	1,142,914	1,098,120	-	1,098,120
Change in value of beneficial interest in the net assets of the Minneapolis Jewish Federation	394,594	1,893,472	2,288,066	174,922	971,349	1,146,271
Investment income	599	430,508	431,107	814	469,404	470,218
Other	181,345	-	181,345	176,069	-	176,069
Total revenue	1,719,452	2,323,980	4,043,432	1,449,925	1,440,753	2,890,678
Net assets released from restriction	3,915,621	(3,915,621)	-	3,632,777	(3,632,777)	-
Net support and revenue	11,566,054	1,064,190	12,630,244	12,293,889	653,708	12,947,597
Expenses and losses:						
Program services:						
Counseling and mental health	1,595,529	-	1,595,529	1,560,276	-	1,560,276
Aging services	1,537,846	-	1,537,846	1,038,126	-	1,038,126
Community engagement	877,803	-	877,803	852,922	-	852,922
Children and family services	1,819,219	-	1,819,219	1,761,388	-	1,761,388
Career services	2,399,138	-	2,399,138	2,991,745	-	2,991,745
Total program services	8,229,535	-	8,229,535	8,204,457	-	8,204,457
Supporting services:						
Management and general	1,784,584	-	1,784,584	1,654,093	-	1,654,093
Development and fundraising	687,099	-	687,099	702,882	-	702,882
Total supporting services	2,471,683	-	2,471,683	2,356,975	-	2,356,975
Total expenses	10,701,218	-	10,701,218	10,561,432	-	10,561,432
Changes in net assets	864,836	1,064,190	1,929,026	1,732,457	653,708	2,386,165
Net assets, beginning of year	16,048,494	28,046,610	44,095,104	14,316,037	27,392,902	41,708,939
Net assets, end of year	$16,913,330	$29,110,800	$46,024,130	$16,048,494	$28,046,610	$44,095,104

The accompanying notes are an integral part of these consolidated financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF MINNEAPOLIS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2021 and 2020

	2021								
	Program Services						Supporting Services		
	Counseling and Mental Health	Aging Services	Community Engagement	Children and Family Services	Career Services	Total	Management and General	Development and Fundraising	Total Expenses
Expenses:									
Grants, contracts, and direct assistance	$141,815	$783,140	$210,972	$554,259	$796,088	$2,486,274	$2,501	($1,580)	$2,487,195
Salary and wages	1,037,958	512,732	389,272	822,754	1,090,673	3,853,389	996,143	444,351	5,293,883
Employee benefits	134,696	65,652	47,189	106,378	140,616	494,531	150,238	57,327	702,096
Payroll taxes and unemployment	85,737	41,419	30,057	67,750	89,519	314,482	80,661	36,248	431,391
Professional fees	2,835	21,325	41,738	1,531	18,022	85,451	126,566	60,371	272,388
Supplies	5,638	5,585	77,916	80,806	11,319	181,264	139,297	3,670	324,231
Telephone and telecommunications	5,073	7,381	1,697	26,861	15,120	56,132	9,128	1,331	66,591
Postage and shipping	1,572	1,366	3,375	541	4,833	11,687	5,695	13,955	31,337
Printing and copying	5,790	6,254	13,716	4,221	8,250	38,231	38,480	12,241	88,952
Rent, parking, and other occupancy	57,364	19,723	19,346	49,515	112,363	258,311	56,949	24,290	339,550
Equipment/software licensing and support	-	-	-	-	-	-	50,481	58,139	108,620
Travel/mileage	1,240	19,288	948	18,058	1,430	40,964	-	194	41,158
Conferences, conventions, and meetings	417	2,232	5,656	1,194	90	9,589	6,413	8,083	24,085
Membership dues	2,903	561	-	6,571	725	10,760	10,661	-	21,421
Staff development	530	1,871	397	3,398	11,069	17,265	1,011	1,508	19,784
Advertising	1,287	56	19	-	4,500	5,862	2,522	85	8,469
Other expense	26,441	8,525	5,990	8,977	10,445	60,378	28,592	13,594	102,564
Total expenses before depreciation	1,511,296	1,497,110	848,288	1,752,814	2,315,062	7,924,570	1,705,338	733,807	10,363,715
Depreciation	84,233	40,736	29,515	66,405	84,076	304,965	79,246	35,605	419,816
Total expenses by function	1,595,529	1,537,846	877,803	1,819,219	2,399,138	8,229,535	1,784,584	769,412	10,783,531
Less expenses included with revenues on the statement of activities:									
Cost of direct benefit to donors	-	-	-	-	-	-	-	(82,313)	(82,313)
Total expenses included in the expense section on the statement of activities	$1,595,529	$1,537,846	$877,803	$1,819,219	$2,399,138	$8,229,535	$1,784,584	$687,099	$10,701,218

The accompanying notes are an integral part of these consolidated financial statements.

	2020								
	Program Services						Supporting Services		
	Counseling and Mental Health	Aging Services	Community Engagement	Children and Family Services	Career Services	Total	Management and General	Development and Fundraising	Total Expenses
Expenses:									
Grants, contracts, and direct assistance	$124,243	$434,332	$197,257	$344,372	$1,497,714	$2,597,918	$1	$ -	$2,597,919
Salary and wages	1,035,575	421,578	386,566	932,052	1,015,331	3,791,102	980,724	440,164	5,211,990
Employee benefits	122,390	50,493	44,879	115,373	124,674	457,809	132,411	55,583	645,803
Payroll taxes and unemployment	81,717	33,679	29,623	83,046	83,816	311,881	102,416	39,199	453,496
Professional fees	1,187	1,418	33,612	461	12,732	49,410	123,917	45,802	219,129
Supplies	4,434	3,759	75,957	77,365	13,542	175,057	40,679	3,228	218,964
Telephone and telecommunications	7,066	8,738	2,359	38,267	25,406	81,836	1,495	1,701	85,032
Postage and shipping	1,278	1,157	3,156	565	2,945	9,101	3,425	12,338	24,864
Printing and copying	4,514	4,085	11,445	3,107	6,686	29,837	18,534	11,145	59,516
Rent, parking, and other occupancy	50,955	12,138	17,461	46,742	106,059	233,355	71,065	23,565	327,985
Equipment/software licensing and support	-	-	559	-	-	559	51,835	52,884	105,278
Travel/mileage	8,119	20,763	1,008	21,444	4,714	56,048	78	167	56,293
Conferences, conventions, and meetings	204	1,032	12,042	7,384	3,314	23,976	6,083	6,775	36,834
Membership dues	1,622	1,978	584	2,659	616	7,459	8,879	-	16,338
Staff development	2,232	3,523	2,089	261	3,287	11,392	5,174	2,476	19,042
Advertising	1,156	319	40	87	-	1,602	3,608	122	5,332
Other expense	31,837	5,700	4,532	10,843	10,193	63,105	23,348	22,037	108,490
Total expenses before depreciation	1,478,529	1,004,692	823,169	1,684,028	2,911,029	7,901,447	1,573,672	717,186	10,192,305
Depreciation	81,747	33,434	29,753	77,360	80,716	303,010	80,421	36,820	420,251
Total expenses by function	1,560,276	1,038,126	852,922	1,761,388	2,991,745	8,204,457	1,654,093	754,006	10,612,556
Less expenses included with revenues on the statement of activities:									
Cost of direct benefit to donors	-	-	-	-	-	-	-	(51,124)	(51,124)
Total expenses included in the expense section on the statement of activities	$1,560,276	$1,038,126	$852,922	$1,761,388	$2,991,745	$8,204,457	$1,654,093	$702,882	$10,561,432

The accompanying notes are an integral part of these consolidated financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE OF MINNEAPOLIS
CONSOLIDATED STATEMENTS OF CASH FLOWS **Statement 4**
For The Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$1,929,026	$2,386,165
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	419,816	420,251
Change in value of beneficial interest in the net assets of the Minneapolis Jewish Federation	(2,288,066)	(1,146,271)
Contributions restricted to endowment	(45,383)	(41,345)
Decrease (increase) in operating assets:		
Accounts receivable	(84,464)	(155,542)
Grants receivable	(138,718)	113,884
Program loans receivable	11,111	(3,933)
Contributions receivable	682,205	528,525
Other receivables	(3,549)	2,143
Inventory	(3,330)	11,060
Prepaid expenses and other assets	(32,674)	(35,749)
Increase (decrease) in operating liabilities:		
Accounts payable	12,254	119,791
Accrued liabilities	34,998	47,062
Deferred compensation	35,571	46,603
Net cash provided by operating activities	528,797	2,292,644
Cash flows from investing activities:		
Purchase of property and equipment	(203,787)	-
Purchase of investments, including reinvested income	(35,571)	(46,603)
Cash transferred to Minneapolis Jewish Federation	(338,703)	(575,097)
Distributions from Minneapolis Jewish Federation	-	287,520
Net cash used by investing activities	(578,061)	(334,180)
Cash flows from financing activities:		
Collection of contributions restricted to endowment	45,383	41,345
Repayment of note payable	-	(300,000)
Net cash provided (used) by financing activities	45,383	(258,655)
Net increase (decrease) in cash and cash equivalents	(3,881)	1,699,809
Cash and cash equivalents - beginning of year	4,189,295	2,489,486
Cash and cash equivalents - end of year	$4,185,414	$4,189,295

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF OPERATIONS

Jewish Family and Children's Service of Minneapolis is guided by its mission to provide essential services to people of all ages and backgrounds to sustain healthy relationships, ease suffering and offer support in times of need. Jewish Family and Children's Service of Minneapolis is proud to say it has been "family" to tens of thousands of people in the Jewish and general communities for more than a century. Jewish Family and Children's Service of Minneapolis provides a full spectrum of programs and services for adults, children, families, the frail elderly, refugees and immigrants, and people who struggle with poverty, emotional problems, and mental and physical disabilities.

B. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts and activities of Jewish Family and Children's Service of Minneapolis and a supporting foundation that was incorporated in November 2012 (collectively, the Organization). All significant intercompany balances and transactions have been eliminated.

C. BASIS OF PRESENTATION

Net assets and contribution revenue are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid debt instruments with an initial maturity of three months or less.

Cash on deposit in excess of FDIC and similar insurance coverages are subject to the usual banking risks of funds in excess of those limits. At times, amounts on deposit may exceed FDIC insured limits. To date, the Organization has not experienced losses in any of these accounts.

E. ACCOUNTS RECEIVABLE

Receivables from program related sales and fees are reported as accounts receivable, net in the accompanying consolidated statements of financial position. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management records an allowance for doubtful accounts under the reserve method based on its assessment of the current status of individual accounts and historical average percentage of write-offs by category of receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. An allowance of $6,962 was recorded at December 31, 2021 and 2020.

F. GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Grants and contributions receivable that are expected to be collected in future years excluding the contributions due to the supporting foundation, are recorded net of a present value discount. Included in long-term receivables at December 31, 2021 is a $12,450,000 contribution receivable to the supporting foundation. Although collectible per the terms of the agreement, management believes it likely will not be received until 2023. Due to the uncertain timeline for collection, there is no discount recorded for this receivable.

Management records an allowance for doubtful accounts under the allowance method based on historical average percentage write-offs and its assessment of the current status of individual account balances. If management's collection attempts are unsuccessful, grants and contributions receivable balances are written off through a charge to the allowance for doubtful accounts. An allowance of $2,700 and $6,513 was recorded at December 31, 2021 and 2020, respectively. A discount of $8,454 and $32,061 was recorded at December 31, 2021 and 2020, respectively.

G. PROGRAM LOANS RECEIVABLE

Program loans receivable relate to various loan programs which are used to serve individuals needing emergency assistance, refugees in need of help, and individuals seeking vocational training. Outstanding loan balances are reviewed individually for timing of payments received as well as future collectability. As needed, alternative payment plans are arranged. Management records an allowance for doubtful accounts under the reserve method. Write-off of loans receivable against the related allowance occurs when all collection efforts have been exhausted. An allowance of $2,564 was recorded at December 31, 2021 and 2020.

H. INVESTMENTS

Investments consist primarily of mutual funds, exchange traded funds and Israel Bonds, recorded at fair value.

I. BENEFICIAL INTEREST IN THE NET ASSETS OF THE MINNEAPOLIS JEWISH FEDERATION

The Minneapolis Jewish Federation (the Federation) receives contributions and invests these funds for particular purposes on the Organization's behalf. The contributions are put into funds based on the donor's stipulations. The Federation does not have variance power on these funds, therefore requiring the activity to be recorded by the Organization. The balances are at fair value.

Due to the unitized structure of the investments at the Federation, the Organization is allocated an equitable portion of sales and purchases of investments executed at the Federation. The details of the sales and purchases of investments are maintained by the Federation. For financial statement purposes, the Organization has elected to disclose only the net change in the value of its interest in the net assets of the Federation in the consolidated financial statements.

Additional funds are held by the Federation in donor advised funds from which the Organization may receive additional contributions, however, variance powers to redirect these funds are present and the funds do not meet the reporting requirements under current guidance.

J. BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

The beneficial interest in charitable remainder trust is carried at the estimated present value of expected proceeds from a trust. The lead beneficiaries of the trust are entitled to distributions from the trust over their lifetime with the Organization receiving the balance of the trust assets after their deaths. The present value was calculated using a 5% discount rate over the life expectancy of the lead beneficiary.

K. PROPERTY AND EQUIPMENT

Property and equipment that has a useful life greater than one year and a cost greater than $1,000 is stated at cost and depreciated using a straight-line method. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets.

Building and building improvements	10 - 39 years
Furniture, fixtures and equipment	3 - 10 years

L. REVENUE AND REVENUE RECOGNITION

The Organization recognizes support revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met.

The Organization has various government contracts and grants that are generally cost-reimbursable, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Revenue without donor restrictions is recognized as qualifying expenditures are incurred, or other contractual conditions are met. Revenue recognized under government contracts and grants, including PPP loan forgiveness, is subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these agreements, the Organization will record such disallowance at the time the determination is made.

There is no material amount of unrecorded conditional contributions or government grants at December 31, 2021 and 2020.

Program related sales and fee revenue represents private payments and insurance-type reimbursements for services provided to individuals. Revenue is recognized at the time the services are provided, net of any expected fee adjustments. Changes in regulations, governmental funding, or other negotiated contracts could result in changes in contract rates or reduction of services. Any such adjustments to the contract rates are recognized as an adjustment of the services when their effect becomes reasonably determinable.

M. DONATED SERVICES AND IN-KIND CONTRIBUTIONS

Donated services are recognized to the extent that they create or enhance nonfinancial assets or require specialized skills. Donated goods and services required by grant awards are recorded in the consolidated Statements of Activities at fair value at the date of the donation and recognized as revenue and expense in the period they are received.

A number of volunteers have made contributions of their time to develop and enhance the Organization's programs. The value of this contributed volunteer time does not meet the recognition requirements for contributed services and, as such, is not reflected in these statements.

N. FUNCTIONAL EXPENSES

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expense allocation methods are as follows:

- When employee time can be directly identified with a project or activity, salaries and wages are charged to that project or activity (direct charges). In the case of support employees whose work is not identifiable to a specific project, salaries and wages are allocated pro rata based on the direct time charged to these projects. Taxes and benefits costs are allocated pro rata based on salaries and wages.
- Occupancy expenses are allocated based on usage by program. The total occupancy cost of each facility is allocated pro rata by the number of offices or cubicles used by each program.
- Costs for equipment, such as printing and mailing equipment, are allocated pro rata based on usage of the equipment by program.
- Expenses other than those listed above, which are not directly identifiable by program or supporting services, are allocated based on the percentage of direct salaries.

O. USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. INCOME TAXES

Jewish Family and Children's Service of Minneapolis qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and the comparable section of the Minnesota Income Tax Statutes. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and contributions by donors are tax deductible. The supporting foundation is a supporting organization under 509(a)(3) of the Internal Revenue Code.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Organization has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of date of the statements of financial position. Due to the nature of the restrictions from contributions received from donors, the Organization has omitted only the restricted contributions that were not deemed "general" in nature.

	2021	2020
Cash and cash equivalents	$3,128,032	$3,205,222
Accounts receivable	499,504	415,040
Grants receivable	708,208	569,490
Contributions receivable	1,245,342	1,375,130
Other receivables	13,163	9,614
Beneficial interest in the net assets of the Minneapolis Jewish Federation	1,098,383	1,051,367
	$6,692,632	$6,625,863

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization's board-designated endowment is subject to an annual spending rate as described in Note 10. Although there is no intent to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 3 GRANTS RECEIVABLE

Grants receivable consisted of the following as of December 31:

	2021	2020
Government	$307,115	$347,420
Other	401,093	222,070
Total	$708,208	$569,490

NOTE 4 JEWISH FREE LOAN PROGRAM

The Organization issues uncollateralized loans to members of the Jewish community based on financial need under their Jewish Free Loan Program (JFLP). The loans are issued from a minimum of $1,000 to a maximum of $7,500 and bear no interest, and are typically repayable from 24 to 36 months. One or two co-signers are currently required who are subject to a credit check and must meet minimum credit criteria. Loans are funded from restricted contributions made by numerous donors.

Because of the strict criteria with regard to co-signers, write-offs are rare for this program. Allowances for doubtful accounts are determined based on an evaluation of the current status of any past due accounts and the average write-offs by category for prior years.

JFPL loans receivable consisted of the following as of December 31:

	2021	2020
Jewish free loans	$10,219	$21,330
Less: allowance for doubtful accounts:	(2,564)	(2,564)
Jewish free loans, net	$7,655	$18,766

Receivables recorded for the JFLP were included in the Program loans receivable balance on the consolidated statements of financial position at December 31, 2021 and 2020.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 are expected to be collected as follows:

	2021	2020
Due within one year	$1,327,033	$1,580,130
Due in one to five years	12,700,000	13,156,528
Total contributions receivable	14,027,033	14,736,658
Less: present value discount (3.5%)	(8,454)	(32,061)
Less: allowance for uncollectible contributions	(2,700)	(6,513)
Less: current portion	(1,327,033)	(1,580,130)
Noncurrent contributions receivable, net	$12,688,846	$13,117,954

NOTE 6 INVESTMENTS

As of December 31, the Organization held the following investments:

	2021	2020
Deposit accounts with broker	$10,048	$17,815
Mutual funds:		
Bond / fixed income	137,404	126,362
Equity	52,434	50,791
Balanced	59,486	52,905
Exchange traded funds (ETFs):		
Bond / fixed income	45,750	22,051
Equity	1,392	1,019
Israel bonds	200,000	200,000
Total	$506,514	$470,943

NOTE 7 FAIR VALUE MEASUREMENTS

The Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of activities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. This includes stocks, mutual funds and exchange traded funds.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include interests in the net assets of the Federation and assets held in a trust where the Organization is not the trustee).

Financial assets that are carried at estimated fair value are categorized based on the inputs to the valuation technique are as follows as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$249,324	$ -	$ -	$249,324
Exchange traded funds	47,142	-	-	47,142
Israel bonds	-	200,000	-	200,000
Beneficial interest in the net assets of the Minneapolis Jewish Federation	-	-	16,952,003	16,952,003
Total	$296,466	$200,000	$16,952,003	$17,448,469

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$177,153	$ -	$ -	$177,153
Exchange traded funds	23,070	-	-	23,070
Israel bonds	-	200,000	-	200,000
Beneficial interest in charitable remainder trust	-	-	118,192	118,192
Beneficial interest in the net assets of the Minneapolis Jewish Federation	-	-	14,207,042	14,207,042
Total	$200,223	$200,000	$14,325,234	$14,725,457

The basis for determining Level 3 assets is as follows:

- Beneficial Interest in Charitable Remainder Trust is based on the fair value of expected future income streams of the underlying Trust assets reported by the trustee using an estimated discount rate of 5%.
- Beneficial Interest in the Net Assets of the Minneapolis Jewish Federation is based on the unadjusted fair value of the underlying assets reported by the Minneapolis Jewish Federation.

The following is a reconciliation of the changes in Level 3 assets for the years ended December 31, 2021 and 2020:

	Beneficial Interest in Charitable Remainder Trust	Beneficial Interest in the Net Assets of the Minneapolis Jewish Federation
Balance at December 31, 2019	$118,192	$12,773,194
Net change in value of trust and interest in net assets of the Minneapolis Jewish Federation	-	1,146,271
Contributions	-	575,097
Distributions	-	(287,520)
Balance at December 31, 2020	118,192	14,207,042
Net change in value of trust and interest in net assets of the Minneapolis Jewish Federation	-	2,288,066
Contributions	-	456,895
Distributions	(118,192)	-
Balance at December 31, 2021	$0	$16,952,003

NOTE 8 PROPERTY AND EQUIPMENT

As of December 31, property and equipment was as follows:

	2021	2020
Property and equipment:		
Building	$10,078,490	$10,078,490
Building improvements	285,620	285,620
Furniture, fixtures and equipment	1,155,738	951,953
Total	11,519,848	11,316,063
Less: accumulated depreciation	(1,552,501)	(1,132,687)
Net capital assets	$9,967,347	$10,183,376

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes or periods at December 31:

	2021	2020
Subject to expenditures for a specified purpose:		
Clinical and case management services	$418,217	$384,978
Aging and disability services	212,256	330,311
Community services	170,159	181,489
Children's services	665,655	618,131
Career services	90,062	118,801
Next Century	862,810	957,810
Building	276,264	276,264
Other restrictions	192,049	175,421
	2,887,472	3,043,205
Subject to the passage of time:		
Beneficial interest in charitable remainder trust	-	118,192
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	695,947	870,957
	695,947	989,149
Endowments:		
Subject to appropriation and expenditure when a specified event occurs	7,815,421	6,347,679
Subject to JFCS endowment spending policy and appropriation	17,711,960	17,666,577
	25,527,381	24,014,256
Total	$29,110,800	$28,046,610

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows for the years ended December 31:

	2021	2020
Program restrictions accomplished	$1,720,611	$1,506,349
Time restrictions expired	1,135,122	1,135,122
Release of appropriated endowment returns	1,059,888	991,306
Total	$3,915,621	$3,632,777

NOTE 10 ENDOWMENTS

The Organization maintained approximately 300 endowment funds in the JFCS endowment fund as of December 31, 2021 and 2020. In addition, the supporting foundation separately maintains one endowment fund. In the consolidated financial statements, the JFCS endowment fund and the portion of the supporting organization endowment fund which benefits the Organization are collectively referred to as the Endowments.

A. JFCS ENDOWMENT FUND

The funds that comprise the JFCS endowment fund were established for a variety of purposes. The Organization established a fund at the Federation to manage these funds.

The endowment includes donor-restricted and board designated funds. As required, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gifts, due to unfavorable market fluctuations. There were no deficiencies of this nature as of December 31, 2021 and 2020.

Return Objectives and Risk Parameters – The Organization views itself as a moderate risk taker and has adopted policies with the primary investment objective of preservation of capital, on an inflation-adjusted basis, and secondarily, to achieve long-term capital appreciation.

Strategies Employed for Achieving Objectives – The Organization has adopted investment and spending policies 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. Under this policy, as approved by the board of directors, the endowment assets are transferred to Federation, who in turn invests in a manner intended to exceed appropriate benchmarks over a full market cycle.

Spending Policy – The Organization appropriates 4% of the average balance of the endowment's fair market value as of December 31 of each of the three years prior to the start of the fiscal year. In establishing these policies, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, 4% was determined to be the maximum sustainable spending rate that would allow the endowment to grow in excess of the rate of inflation. The Organization's board can authorize up to a 5% spending rate if conditions warrant this change.

Investment fees paid to the Federation were $155,655 and $123,457 for the years ended December 31, 2021 and 2020.

B. SUPPORTING FOUNDATION ENDOWMENT FUND

The supporting foundation endowment fund was established to benefit the operations of JFCS and, in the future, other organizations as well. Per donor stipulations, contributions to the fund are permanently restricted, and contributions are to be invested in Israel Bonds. The portions of cash contributions and pledges that will benefit the Organization are recorded as contributions in the consolidated financial statements at the present value of the future benefit.

During 2018, the supporting foundation was named the beneficiary of an estate gift. Per the terms of the gift, the supporting foundation will receive an additional $49,800,000 in Israel Bonds, which are to be invested in Israel Bonds into perpetuity. JFCS has an irrevocable 25% interest in the net income of the bonds and four other organizations equally share the irrevocable right to the remaining 75%. The full amount of net income of the bonds is to be distributed annually by the supporting foundation and is considered to be without donor restriction.

As of December 31, 2021 and 2020, the Organization has recorded a contribution receivable equal to the 25% portion of the gift. Once the investments are transferred into the name of the supporting foundation, the Organization will record an asset for the fair value of the bonds held, with an offsetting liability related to the assets held in trust for the other organizations.

During 2021, the Organization received payments of investment income accrued in fiscal year 2020 of $468,140 and recorded accrued investment income for 2021 estimated investment gains on its 25% interest in the bonds of $415,765. During 2020, the Organization received payments of investment income accrued in fiscal year 2019 of $466,709 and recorded accrued investment income for 2020 estimated investment gains on its 25% interest in the bonds of $469,404.

C. ENDOWMENT FUND SUMMARY

Endowment net assets for the JFCS and supporting foundation endowment funds as of December 31 consisted of the following:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:			
Endowment funds	$3,439,132	$ -	$3,439,132
Donor restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	17,711,960	17,711,960
Accumulated investment gains	-	7,815,421	7,815,421
Total endowment funds	$3,439,132	$25,527,381	$28,966,513

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:			
Endowment funds	$2,820,324	$ -	$2,820,324
Donor restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	17,666,577	17,666,577
Accumulated investment gains	-	6,347,679	6,347,679
Total endowment funds	$2,820,324	$24,014,256	$26,834,580

Change in endowment net assets for the years ended December 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	$2,612,878	$23,046,302	$25,659,180
Change in value of beneficial interest in the net assets of the Minneapolis Jewish Federation	174,922	971,349	1,146,271
Investment returns	-	469,404	469,404
Contributions received	32,524	518,507	551,031
Appropriation of endowment assets for expenditure	-	(991,306)	(991,306)
Endowment net assets, December 31, 2020	2,820,324	24,014,256	26,834,580
Change in value of beneficial interest in the net assets of the Minneapolis Jewish Federation	394,594	1,893,472	2,288,066
Investment returns	-	430,288	430,288
Contributions received	106,022	249,253	355,275
New designations	118,192	-	118,192
Appropriation of endowment assets for expenditure	-	(1,059,888)	(1,059,888)
Endowment net assets, December 31, 2021	$3,439,132	$25,527,381	$28,966,513

NOTE 11 COMMITMENTS

A. LEASE COMMITMENTS

The Organization rents space for an off-site location through April 2023. In addition to rent, the Organization is responsible for real estate taxes and certain maintenance costs in excess of the base amounts included in the terms of the lease.

Total rent expense was $46,377 and $44,943 in 2021 and 2020.

Future minimum lease commitments for the above operating lease are as follows:

2022	$21,167
2023	7,151
Total	$28,318

B. DEFERRED COMPENSATION

The Organization has a deferred compensation plan for certain key individuals. The plan requires the Organization to accrue a percentage of the individuals' compensation to be paid after retirement. Expenses under the plan were $20,358 and $15,399 for the years ended December 31, 2021 and 2020, respectively. In addition, certain individuals may elect to defer a portion of their salaries, subject to IRS limits, to the deferred compensation plan. Accrued amounts of $306,514 and $270,943 are included in long-term liabilities as of December 31, 2021 and 2020, respectively.

NOTE 12 LEASE REVENUE

The Organization receives revenue from an agreement for the lease of space to another entity. For accounting purposes, the lease is considered an operating lease. Payments are received in monthly installments of $5,205 - $6,796 through the remaining term of the agreement, in addition to common area maintenance charges. The lease commenced in April 2018 and is effective through March 2033.

Expected future minimum lease receipts are as follows:

2022	$63,402
2023	64,670
2024	65,964
2025	67,283
2026	68,629
Thereafter	472,269
Total	$802,217

NOTE 13 RETIREMENT PLAN

The Organization sponsors a safe-harbor 401(k) profit-sharing retirement plan. Under this plan, employees age 18 years or older can contribute up to statutory limits. All employees who work at the Organization are eligible to receive matching contributions from the Organization. The Organization makes a contribution equal to 100% of the employee's salary reduction up to 3% and 50% of the employee's salary reduction up to 4%. Retirement expenses under this retirement plan were $187,258 and $236,342 for the years ended December 31, 2021 and 2020, respectively.

NOTE 14 PAYCHECK PROTECTION PROGRAM LOAN

The Organization entered into an unsecured loan agreement with Bremer Bank (the Lender) on April 10, 2020 for $1,196,400, pursuant to the Paycheck Protection Program (PPP) created by Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Organization elected to account for this loan as a conditional contribution under FASB ASC 958-605 and recognized the full amount as revenue in fiscal year 2020, since all qualifying expenditures were incurred. The Organization was granted full forgiveness on November 16, 2020. Loan forgiveness is subject to a six-year audit period.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2022, the date that the report was available to be issued.